

ZUMTOBEL GROUP

ANNUAL FINANCIAL REPORT

2023-2024

WINDOWS

Lina Ghotmeh

OF LIGHT

The cover of the annual financial report references the artistic annual report of the Zumtobel Group, designed this year by the French-Lebanese architect Lina Ghotmeh. Under the title *Windows of Light*, the issue presents a collection of field notes on light—viewed as both a physical phenomenon and a social connector—revealing its profound impact on our environment and culture. It integrates research that spans symbols, myths, and innovations, tracing light's influence from its origins to its role in contemporary life. Beirut, a city in open archeology, is presented as a case study of light inequity, where light remains a privilege rather than a right.

Central to this exploration is the cosmic microwave background (CMB), the universe's oldest detectable light, which reveals microscopic temperature fluctuations from a time when photons first travelled freely through space. These ancient signals offer a glimpse into the universe's early stages of development and its evolution over billions of years.

The book unfolds through three interconnected themes: the origins of light, the ways cultures have surveyed light, and the methods by which light is captured. The research spans from the birth of our sun to modern technologies that influence our night skies. It examines the profound effects of artificial lighting on dark spaces, and the ecosystems and cultural landscapes that are impacted.

Windows of Light also addresses the challenges and inequities of light access, through a photographic essay of Beirut's electricity crisis, which highlights the social implications of light and darkness. The book concludes with personal ink drawings by Lina Ghotmeh that invite deeper contemplation of light as a cornerstone of both our physical and metaphysical worlds.

Annual Financial Report 2023/24 Zumtobel Group AG

1 May 2023 to 30 April 2024

Five-Year Overview

in EUR million	2023/24	2022/23	2021/22	2020/21	2019/20
Revenues	1,127.0	1,209.2	1,148.3	1,044.5	1,131.3
Adjusted EBIT	57.3	84.3	60.8	45.5	53.9
as a % of revenues	5.1	7.0	5.3	4.4	4.8
EBIT	49.5	84.3	60.8	43.4	35.1
as a % of revenues	4.4	7.0	5.3	4.2	3.1
Net profit for the year	24.7	60.0	45.8	45.6	14.5
as a % of revenues	2.2	5.0	4.0	4.4	1.3
Total assets	987.2	1,002.4	1,005.4	943.3	1,011.7
Equity	425.2	421.7	382.8	308.4	280.7
Equity ratio in %	43.1	42.1	38.1	32.7	27.7
Net debt	77.1	86.9	95.1	88.5	165.7
Cash flow from operating results	105.8	140.2	122.7	115.7	101.3
CAPEX excl. IFRS 16	50.8	54.5	45.3	38.1	57.9
as a % of revenues	4.5	4.5	3.9	3.7	5.1
R&D total	72.7	67.8	67.5	64.8	62.7
as a % of revenues	6.5	5.6	5.9	6.2	5.5
Headcount incl. contract worker (full-time equivalent)	5,350	5,503	5,782	5,813	6,039

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Chief Executive's Review

Dear Shareholders,

The past financial year 2023/24 was definitely not an easy period. Economic conditions were difficult, as is generally known, and we also felt the effects. The components business remained weak and lost 18.5% of revenues, among others due to customer stocks that were still high after the end of the semiconductor shortage. These developments forced us to adjust our production capacity and cost structures, which led to the reorganisation of the components plant in Dornbirn during October 2023. The Lighting Segment made good progress in a challenging market environment with only a slight 1.5% reduction in revenues. In total, our company recorded a decline of 6.8% in revenues to EUR 1,127.0 million and adjusted EBIT of EUR 57.3 million. The adjusted EBIT margin remained within expectations at 5.1%, and our net profit totalled EUR 24.7 million.

Against the backdrop of these developments, we successfully reached a number of key turning points and marked numerous highlights with our roughly 5,350 colleagues:

Close to the customer: Successful appearance at the Light + Building

Sustainability, digitalisation and innovation – these core issues characterised our appearance at the world's leading trade fair for light and building technology, the Light + Building, in March 2024. Our brands were presented over roughly 1,000 m² in the forum of the Messe Frankfurt. One particular highlight was the receipt of the Guinness World Record title for the installation of the world's largest continuous illuminated ceiling. Our stand was, and we can say this with pride, a real visitor attraction: We officially registered nearly 13,000 visitors but, in fact, there were many more.

Smart Buildings: Systematic expansion of our IoT expertise

The Light + Building gave us a platform to introduce our new Keyture IoT product brand to an international expert audience. Keyture represents a real milestone for our product development in the context of IoT. It is the Zumtobel Group's new cloud-native connectivity and IoT ecosystem and supports the optimal use of luminaires in professional sensor-controlled lighting systems to maximise energy efficiency. In this way, the systems make an important contribution to the decarbonisation of buildings. Customer feedback was very positive and the demand is great; Keyture will be available towards the end of this year. Another IoT milestone was announced at the beginning of March in the form of our ecosystem partnership with Siemens and Enlighted, a leading company in building technology and part of the Siemens Group. This strategic partnership is intended to bundle the know-how of both sides to jointly offer innovative solutions for smart buildings – in particular commercial buildings, educational facilities and hospitals.

All in all, we believe we are well positioned with our new product brand and new ecosystem partnership to successfully address this previously undeveloped market for the Zumtobel Group.

Implementation of our digital transformation strategy

Numerous examples are the proof: The digital transformation of our company is taking place at many different levels and in a wide variety of areas. We view this digital transformation as our Group's strategic commitment to the necessary continuous cultural and technological change so the company and all its stakeholders can benefit from digitalisation throughout the entire organisation. We have defined central directions of impact as the basis for creating concrete added value for our employees and customers: Customer Centricity, Lighting & beyond, Operational Excellence and Employee Experience.

This strategy is backed by many different projects with added value: We improved customer interaction during the past financial year with the multilingual roll-out of a new website and eCommerce platform for our Tridonic brand. Various initiatives were also launched to intensify the internal use of new technologies – for example, the integration of AI in sales & demand forecasting or the introduction of internal knowledge databases with digital assistants as support for the after-sales service staff.



The fact is: Data are THE central asset – and the objective is to make this information available in high quality and safe to handle. We have therefore installed information and data management systems to handle customer, product and production data in a structured manner that can be optimally used for our IoT offerings.

Sustainable operations: On the road to net zero

Reduce emissions, in all areas – as you know, that is what the Zumtobel Group intends to do. This objective is now being pursued under the name "net zero" and replaces the previous "Scope 1 & 2 climate neutrality". In spring 2023, we made a commitment to the well-known Science Based Targets initiative that requires the Zumtobel Group to follow a scientifically based path to net zero. Our short-term and long-term goals were submitted to the Science Based Targets initiative for validation. We also made further progress in reducing our emissions during the past financial year – our Scope 1 and 2 emissions were cut by a further 1,000 t CO₂e.

On our road to the circular economy, circular systems and material health represented focal points for the past year. The Zumtobel brand implemented a circular pilot project for reuse and high-value recycling together with the Caritas initiative carla Vorarlberg, SPAR and Voestalpine: Existing luminaires and the related track systems were carefully dismantled, inspected and readied for recycling. We also developed additional refurbishment kits for the on-site modernisation of our standard luminaires. These kits are now a fixed part of many new product developments.

One other point is also clear: As the partner of choice, we place high value on transparency. We can accomplish this, among others, when our suppliers are integrated as best as possible and provide us with relevant data – for example, on the recyclability of their resources or ISO certification. The past financial year saw the introduction of the “DigiSus” sustainability platform, which makes it possible for the Zumtobel Group to follow suppliers’ sustainability performance and compliance in real time. These and other measures help us to create transparency – for us and for our customers, suppliers and partners.

Dear Shareholders: This overview of our activities gives you an impression of our efforts to maintain and expand our market position in spite of the difficult environment. We therefore look towards the new financial year with optimism and expect revenues at least slightly above the previous year. The adjusted EBIT margin is expected to range from 3% to 6%.

I welcome your continued support in our efforts to reach these goals, and thank you for your confidence.

Alfred Felder

Chief Executive Officer (CEO)

The Zumtobel Group AG Share

The global stock markets in 2023/24

Generally positive performance, but with occasionally stronger fluctuations, characterised the global stock markets from May 2023 to April 2024. In Europe, the underlying index trended upward, supported by moderate economic recovery and expectations of possible interest rate cuts by the European Central Bank. The S&P 500 recovered completely from its prior year collapse and reached new highs before declining slightly in April. Japan was an outstanding performer, while other Asian markets like China delivered mixed results. Performance was also mixed in the emerging markets, whereby countries like India and Brazil were the frontrunners and China and Russia weakened. Sector differences were clearly visible: Technology and communications services led the winners, but growth was slower in defensive branches like suppliers and basic consumer goods. The energy sector benefited from production cutbacks by OPEC and also recorded gains.

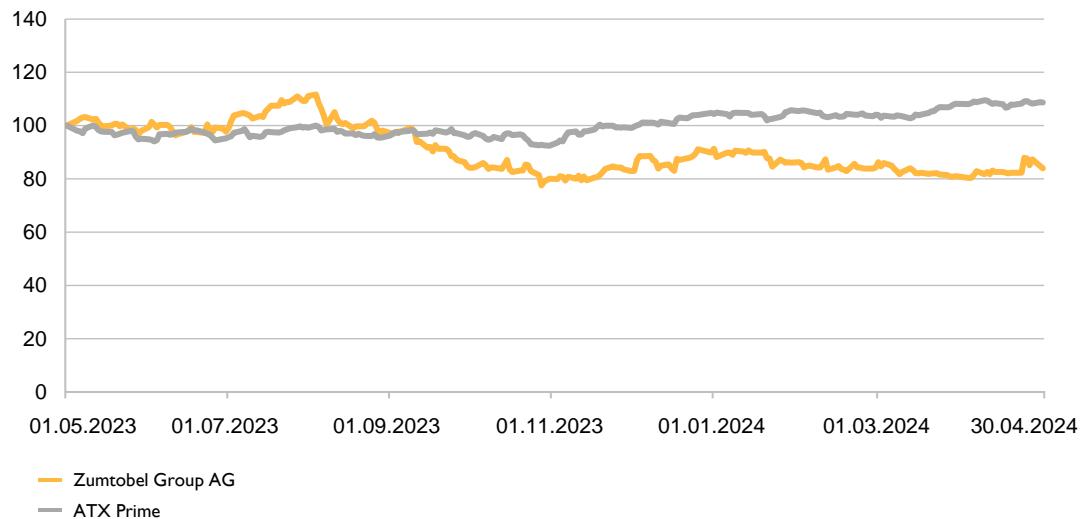
The leading Austrian ATX index rose by 9.3% during the reporting year, and the ATX Prime was positive at 8.7%. The EURO STOXX 600 increased by 8.2% during this same period. Other indexes like the DAX (12.6%) in Germany, the EURO STOXX 50 (12.9%) in Europe, and the Dow Jones (12.1%) in the USA also closed on 30 April 2024 with a year-on-year improvement in performance.

Development of the Zumtobel Group AG share

The Zumtobel Group AG started the reporting year with sideways movements before rising steadily to a high of EUR 7.95 on 31 July 2023. The tense economic situation – above all, due to developments in the Components Segments – and the ad-hoc announcement on 22 August 2023 brought the share under pressure and were responsible for a decline to a low of EUR 5.52 on 24 October 2023. The restructuring measures introduced and the improved development in the Components Segment had a positive influence on the share price. However, the Zumtobel Group AG share was unable to return to its starting level in 2023/24 and closed the reporting year on 30 April 2024 at EUR 5.98. The Zumtobel Group AG share lost 16% during the 2023/24 financial year, while the Austrian ATX Prime, which also includes the company, rose by 8.7%.

Zumtobel Group AG share down 16% vs. the previous year

Development of the Zumtobel Group AG Share (in %)



Market capitalisation of EUR 258 million as of 30 April 2024

The market capitalisation of Zumtobel Group AG reflected the development of the share price in 2023/24. Based on 43,146,657 common shares (2022/23: 43,500,000), the company was valued at EUR 258 million on 30 April 2024 (2022/23: EUR 310 million). The average daily turnover on the Vienna Stock Exchange equalled 29,802 in 2023/24, compared with 47,414 in the previous year (double-count, as published by the Vienna Stock Exchange).

Key Data on the Zumtobel Group AG Share FY 2023/24

Closing price at 28.04.2023	EUR 7.12	Currency	EUR
Closing price at 30.04.2024	EUR 5.98	ISIN	AT0000837307
Performance FY 2023/24	(16.0)%	Ticker symbol Vienna Stock Exchange (XETRA)	ZAG
Market capitalisation at 30.04.2024	EUR 258 Mio	Market segment	ATX Prime
Share price - high at 31.07.2023	EUR 7.95	Reuters symbol	ZUMV/VI
Share price - low at 24.10.2023	EUR 5.52	Bloomberg symbol	ZAG AV
Ø Turnover per day (shares)	29,802	Number of issued shares	43,146,657

Shareholder structure

Zumtobel family holds 36.16%

The shareholder structure of Zumtobel Group AG has not changed significantly since the previous year. The Zumtobel family, with approximately 36.16% of the voting rights, has remained the stable core shareholder of Zumtobel Group AG since the initial public offering. The remainder of the shares is held predominately by institutional investors, according to the information available to management. The company held 256,314 treasury shares at the end of the 2023/24 financial year.

Dividend policy

Dividend policy

Zumtobel Group AG works to provide its shareholders with continuous and reliable dividends. The company follows a policy which calls for a distribution of approximately 30% to 50% of consolidated net profit after the deduction of any special effects. To safeguard financial stability at all times, the specific amount of the dividend is dependent on the debt coverage ratio.

Dividend proposal for the financial year 2023/24

The Zumtobel Group generated positive net profit of EUR 24.7 million in the 2023/24 financial year. The Management Board plans to make a recommendation to the Supervisory Board and, subsequently, to the general meeting of Zumtobel Group AG which is scheduled for 2 August 2024, to distribute a dividend of 25 euro cents per share for the 2023/24 financial year (2022/23: 40 euro cents). That would represent roughly 43.7% of net profit and, based on the closing price of the share in 2023/24, a dividend yield of 4.2%.

Dividend recommendation for 2023/24: 25 euro cents per share

Investor relations activities focused on transparency and dialogue

Transparent, continuous and open communications with all capital market participants have top priority for the Zumtobel Group. The Management Board and investor relations department continued their in-depth dialogue with investors and analysts in Austria and other countries during the reporting year with participation in road shows and conferences as well as numerous one-on-one meetings. In March 2024, the company invited investors to visit the Light + Building international trade fair for light in Frankfurt am Main (Germany). In addition to tours of the trade fair stands, the Management Board provided the participants with information on the current development of the company, opportunities in the areas of sustainability and digitalisation, and the latest trends and innovations in the lighting industry.

Intensive contacts with investors and analysts

Three well known Austrian and international analysts issued regular reports in 2023/24 on the Zumtobel Group share together with their evaluation of the corporate strategy and estimates for the valuation of the company (in alphabetical order): Erste Bank (Vienna), Kepler Cheuvreux (London) and Raiffeisen Bank International (Vienna). In connection with quarterly reporting and the publication of the annual financial report, the Zumtobel Group's management holds regular conference calls to provide details on the latest results. The financial community is also supplied with a wide range of interesting information, e.g. corporate publications, contacts, the financial calendar and other interesting facts and figures on the investor relations website under <https://z.lighting/en/group/investor-relations>.

1. Group Management Report

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1. Group Management Report

1.1 The Zumtobel Group – An Overview

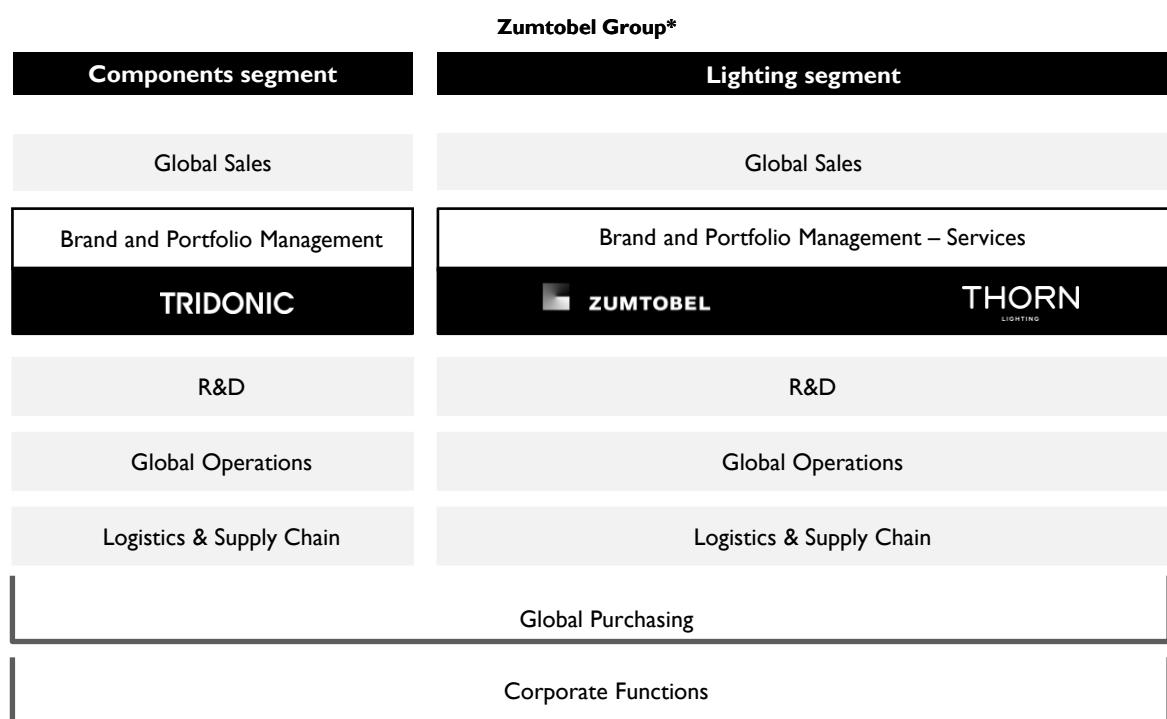
1.1.1 The Company

Leading company in the lighting industry

The Zumtobel Group is an international lighting corporation that was founded in Dornbirn, Vorarlberg (Austria) in 1950. Over the years, it has grown to become a leading supplier of innovative lighting solutions, lighting components and related services. This listed company operates 10 production plants on three continents and has sales offices and partners in roughly 90 countries. The Group employed a workforce of 5,350 as of 30 April 2024 and generated revenues of EUR 1,127.0 million in the 2023/24 financial year. The founding Zumtobel family has served as a stable core shareholder since the IPO in 2006 and holds roughly 36.16% of share capital.

Wide-ranging product and service portfolio

With its core brands – Thorn, Tridonic and Zumtobel – the Group offers its customers a wide-ranging portfolio of products and services. The Zumtobel Group consists of two operating segments which form the basis for corporate management: the Lighting Segment with its luminaires and lighting solutions and the Components Segment. Each segment has its own global product portfolio, sales and production organisation.



* Simplified illustration as of 30 April 2024

In the Lighting Segment, the company is one of the European market leaders with its Thorn and Zumtobel brands. Tridonic, the components brand, forms the basis for the Group's leading role in the production of hardware and software for lighting systems (LED light sources, LED drivers, sensors, emergency lighting and lighting systems management). The Zumtobel Group's service offering is one of the most extensive in the entire lighting industry: It includes consulting on intelligent lighting management and emergency lighting, light contracting, design, project management for turnkey lighting solutions and new data-based services with a focus on the integration of buildings and cities by way of the lighting infrastructure – and here, the real time localisation of goods and people is only one example.

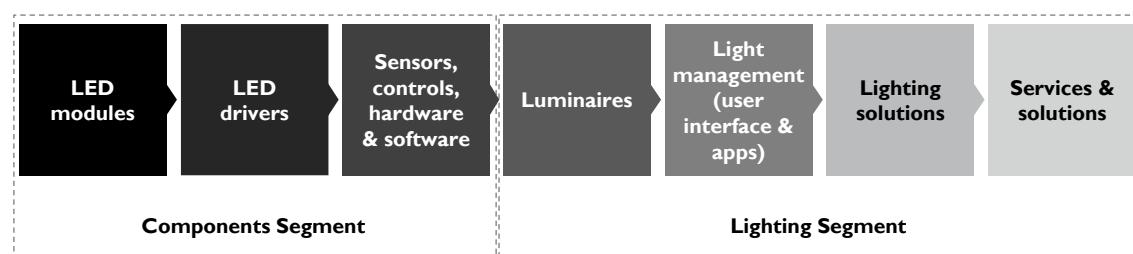
Applications represent the focal point for both the Lighting Segment and the Components Segment. Indoor includes applications for industry (incl. logistics, halls and car parks), offices, education and health (incl. hospitals, schools and universities) as well as the retail trade (incl. supermarkets, home furnishing stores and high-end brand retail), art & culture and exhibition areas (incl. gastronomy). Outdoor addresses applications for roads, tunnels, sport facilities and exterior lighting for public areas, including facade lighting. Services cover all project and software-oriented activities. This application-based orientation determines the form of the product portfolio and is also reflected in the sales organisation.

The sales organisation reflects the two segments and their different sales channels. In the Lighting Segment, this includes sales for construction projects and the related target groups (e.g. architects, lighting and electrical planners, contractors and developers), sales through retail channels, and direct sales to large customers and public contracting entities. Lighting solutions are also sold over special online sales channels. Sales in the Components Segment involve OEM sales (Original Equipment Manufacturer) to luminaire producers as well as the sale of intelligent solutions to electrical and system planners. The Zumtobel Group is committed to sustainable business operations and, through its solutions, to helping its customers reach their sustainability goals more easily.

Zumtobel Group AG serves as the parent company of the Group and provides numerous corporate management and service functions for the brands. These central functions include finance, human resources, legal, audit & compliance, insurance, sustainability, IT and process management, information security and data protection, strategy and transformation projects, central procurement as well as corporate communications and investor relations.

1.1.2 Products and production locations

The Zumtobel Group's business model covers all key areas of the professional lighting value chain – from components, luminaires and light management systems to complete lighting solutions and services.



The Zumtobel Group's lighting and components plants are organised in a global production network. The individual plants are linked in a way that best utilises their regional and technological strengths for the benefit of the entire Group. Close geographical proximity to the target markets allows for fast and highly flexible deliveries to customers ("local for local"). Management relies on lean management, the automation of business processes, and the use of location-specific cost advantages to continuously optimise production costs. Equally, digitalisation plays an important role in production. In this context, new digital processes were introduced as a 'digital factory' at the Dornbirn plant in the 2022/23 financial year. These include 'best practice' processes in material supply, quality inspection and tender management, which will be implemented in all plants worldwide in the future. Lighting and components are produced in individual areas at Dornbirn, Niš and Spennymoor under separate organisation and management. The Zumtobel Group operated 10 plants on three continents as of 30 April 2024.

Focus on specific applications

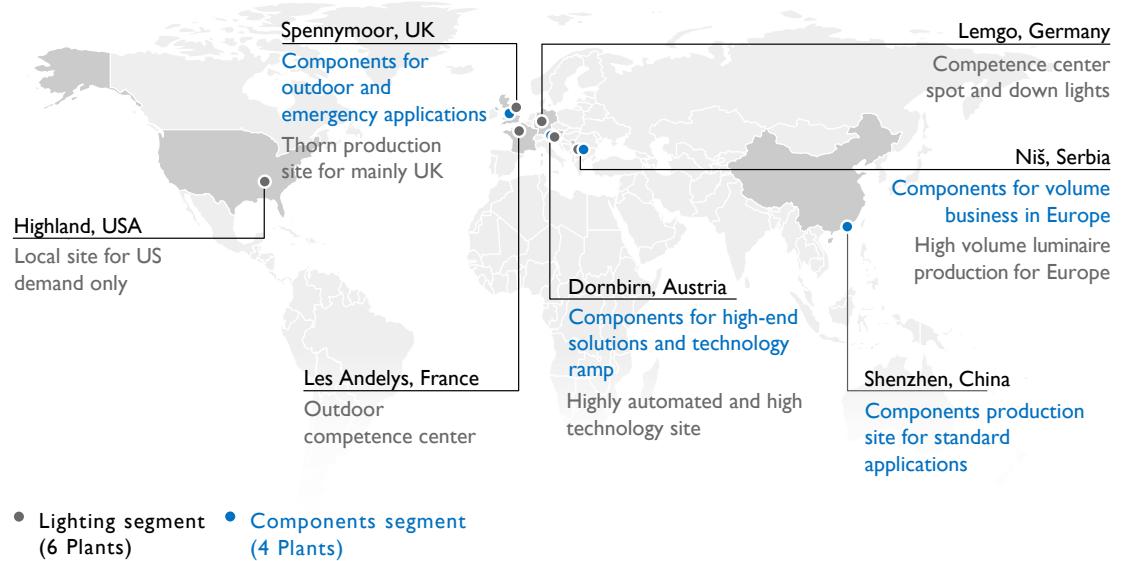
Sales structure based on target groups and types of business

Management and service functions for the entire Group

Full coverage of the value chain

Global production network

Production network of Zumtobel Group as of 30 April 2024



1.1.3 Market position and brand positioning

Leading position in a highly fragmented lighting market

The Zumtobel Group is active worldwide, but Europe remains the most important market with around 85% of total revenues. The professional lighting industry in Europe is highly fragmented but the Zumtobel Group holds a strong position with its established international lighting brands: The market share in Europe equals roughly 7%. The worldwide components industry, in contrast, is characterised by greater consolidation. With Tridonic, the Zumtobel Group also holds a strong position in lighting management and control gears.

Zumtobel – the premium brand for architectural lighting

Designing perfect lighting solutions in top quality for every situation is the mission and passion of the Zumtobel brand. The right lighting in the right context creates an atmosphere and can have a positive influence on the quality of life – and in combination with innovative architecture, it becomes a genuine experience. Zumtobel develops innovative and sustainable lighting solutions for interiors that are optimised for the specific area of application to meet people's needs (Human Centric Lighting).

With a comprehensive portfolio of high-end luminaires and intelligent lighting management and emergency lighting systems, Zumtobel offers the right lighting for every activity and time of the day. The most important applications for these solutions are industry, education, retail, healthcare, office, gastronomy, and art and culture. Valuable impulses for the further development of the portfolio are created not only through Zumtobel's own internal research and development, but also by long-standing cooperation with leading international architects, lighting planners, designers and artists as well as external partners in the project business – true to the brand claim to continuously improve the aesthetics of light and, in doing so, strike out in new directions.

Thorn is a leading quality supplier of professional solutions for indoor and outdoor lighting which has been successfully active on the market for nearly one hundred years. This brand stands for high performance, cost-efficiency and, above all, user-friendly lighting and integrated controls. The Thorn brand markets its luminaires and lighting solutions worldwide, among others to wholesalers, electricians, planners and municipalities as well as end-users. The energy-efficient luminaires made by Thorn support a wide variety of applications in and around buildings, urban areas, sport venues, tunnels and streets. One important role, among others, is played by the protection of the nighttime sky with the help of so-called dark sky friendly solutions, and Thorn has extensive know-how in this area. Its functional products also cover all conventional applications from offices to supermarkets, industrial buildings, schools and healthcare facilities.

Tridonic, the Zumtobel Group's technology brand, supports customers with intelligent hardware and software solutions. With over 2,500 patents, it is a global innovation driver for light-based network technology and the development of scalable solutions that support the development, among others, of new business models for lighting producers, building managers and system integrators. Tridonic is not only active in the production of components and system solutions for the Group's lighting brands, it also serves as an OEM supplier (Original Equipment Manufacturer) for luminaire producers throughout the world and generates around 80% of its revenues outside the Zumtobel Group. The brand's innovative strength is also demonstrated by a recent award from the Digital Illumination Interface Alliance: For the light management in a movie theatre complex in Dubai, Tridonic received the renowned DALI Award for architecture and entertainment at the Light + Building trade fair in March 2024.

1.1.4 Key success factors for the Zumtobel Group

The Zumtobel Group's leading competitive position is based, above all, on three established core brands with broadly diversified market access, extensive know-how in lighting applications and a clear technological advantage in individual areas. In order to optimally address the markets, the group has created three so-called sales clusters – D/A/CH, Europe-West/South, and Europe-North/East – that are designed, among others to strengthen the market presence in Europe. The sales function had nearly 1,700 employees in 2023/24, whereby roughly 1,400 employees work for the Lighting Segment and roughly 260 employees for the Components Segment. A systematic focus on each of the three core brands allows the Zumtobel Group to optimally meet the diverse needs of its customers.

The design of a customer-specific lighting solution requires extensive knowledge of the product portfolio, the latest technological developments and the specific lighting application. The sales staff must therefore understand – and be able to convey – not only the technical and functional aspects of light and the potential energy savings, but also the aesthetic and emotional implications and the positive influence of good lighting on the user's sense of well-being. This applies, in particular, to the sales employees in the Lighting Segment. Accordingly, detailed and wide-ranging education programmes and continuous training are decisive for the quality of sales. "Launch windows" are held by the product managers twice each year to familiarise their sales colleagues with the latest product developments. The programmes offered by the Zumtobel Group's Learning Academy were further expanded during the past year with a focus on the design, implementation and organisation of training for internal stakeholders and customers. So-called "partner hub" seminars have been held for apprentices, electricians, electrical planners, light panners and architects for over 18 years, whereby each programme is tailored to the respective requirements. The focus of this knowledge transfer is the subject of light.

Thorn – the performance brand for the international volume business

Tridonic – the specialist for the development of new LED systems and technologies for connected light

Strong sales structure

Extensive know-how in lighting applications

Well positioned for new IoT applications

In order to further strengthen its leading technological position and distance itself from the competition, the Zumtobel Group regularly makes substantial investments in research and development (R&D): A total of EUR 72.7 million was invested in R&D alone in 2023/24. The further development of lighting quality based on LED technology, rapid digitalisation and the increasing complexity of intelligent lighting systems create continuous challenges for R&D. Luminaires and their components based on the digital light source LED have become central elements of the Internet of Things (IoT) and, consequently, part of the new applications and business models which go beyond lighting.

The Zumtobel Group is one of the largest suppliers in Europe – its optimal positioning forms the basis to master these challenges and creates clear advantages in competition with the many small and medium-sized luminaire producers. An extensive patent portfolio and close collaboration with international light design partners and architects underscores the company's innovative power. This position is supported by targeted acquisitions, e.g. the purchase of rights to the IoT software Siteworx developed by Digital Lumens – whereby Zumtobel holds exclusive rights for Europe. The software has been successfully integrated in the Thorn and Zumtobel Keyture product offering for smart building solutions. This modular, multifunctional software suite in combination with intelligent sensors covers solutions for maximum energy savings (control), precise information for the maintenance and monitoring of sustainability goals (report), space optimisation in real time (view), the location and tracking of objects (locate) and the monitoring of environmental factors and operational excellence (sense).

1.1.5 Structural revenue drivers for professional lighting

The most important structural revenue driver for the professional lighting industry in recent years has been the issue of energy efficiency, also due to the increasing market penetration of LED as a new light source. The technological maturity of LEDs has brought about a continuous improvement in lighting quality and the design of product solutions to optimally meet the individual needs of users. The opportunities provided by digitalisation – i.e. integrated intelligent lighting solutions – are receiving greater attention, and the lighting infrastructure is now increasingly used in applications outside the scope of actual lighting. This development has been reflected in a range of new applications and business models like digital services.

Energy efficiency as a central growth driver

The subject of energy efficiency is, nevertheless, more relevant than ever due to the necessary global efforts to reduce CO₂ emissions and, above all, the steady increase in energy costs. Intelligently managed, LED based lighting solutions can reduce electricity consumption by up to 80% compared with conventional lighting solutions. Marketing activities for energy-efficient products are concentrating increasingly on the comparison of energy consumption and investment costs over the lifecycle of various lighting solutions (total cost of ownership). In addition to significant cost saving opportunities, the growing demand for energy efficient lighting is supported by legal regulations that include the EU directives on the energy efficiency of buildings and ecodesign or the prohibition on fluorescent lighting.

The EU's Green Deal also includes an extensive list of projects that are eligible for subsidies which are available up to 2027. This creates additional opportunities for the Zumtobel Group because the related projects are leading to an increased demand for refurbishment solutions like the ones offered by the Lighting Segment: The lighting technology in older buildings can be modernised with a new lighting concept or so-called refurbishment kits without major construction expense, which do not replace the complete lighting system but only exchange the lighting source and adjusted control electronics.

Relevant trends for the lighting industry currently include “connectivity”, meaning intelligent and Internet linked lighting, as well as the growing demand for comprehensive, integrated service offers. Light is predestined to become a cornerstone in the infrastructure of the Internet of Things (IoT) – lighting is everywhere, connected and digital. The Internet of Things will create new and better experiences and services for the retail trade, buildings and cities and unlock a wide range of opportunities for the development of innovative business models. Today, the Zumtobel Group's customers can rely on one of the most comprehensive integrated service offerings in the entire lighting industry. The systematic exchange of know-how on smart building technologies and intelligent IoT solutions forms the basis for new strategic ecosystem partnerships like the ones with Siemens and its Enlighted subsidiary.

1.1.6 Our FOCUSED strategy

Be FOCUSED. The Zumtobel Group has, in recent years, consistently implemented and refined the corporate strategy that was introduced in 2018/19 with its stronger focus on customer orientation and reduction of process complexity and costs. This strategy was expanded by management in 2020/21 to generate new opportunities for growth and strengthen the company's sustainable positioning through the inclusion of increasingly important aspects like environmental issues (the letter “E”) and digitalisation (the letter “D”).

Growing demand for innovative business models and services

The FOCUSED strategy



FOCUS ON KEY MARKETS AND APPLICATIONS: The Zumtobel Group concentrates on its target markets and on sustainable, profitable growth in core application areas and precisely defined future fields. In the indoor area, activities are based primarily on industry, office and education, retail, and art and culture. In the outdoor area, the focus is on lighting for urban areas and streets as well as architecture and sport facilities. The Lighting Segment concentrates on key markets and applications mainly in Europe, while the Components-Segment addresses the global market.

OPERATIONAL EXCELLENCE: The Zumtobel Group works to continually improve the quality of its products and processes and optimise cost structures along the entire value chain. With its own production facilities and a competitive global supplier network, the Zumtobel Group stands for reliable deliveries and customer-oriented service.

COMPETENCE IN EVERY DETAIL: The Zumtobel Group is, and will remain, an innovation leader for components and sensors and is systematically expanding its high expertise in miniaturisation and product integration. It believes in the seamless interaction between components and lighting as the driver for digitalisation and wants to use its extensive technical expertise to offer an increasing range of Internet-of-Things (IoT) solutions for the world of light.

UNIQUE BRANDS UNDER ONE ROOF: The Zumtobel Group's strong brands cover nearly the entire value chain in the area of light – from components to integrated solutions. The Lighting Segment consequently follows a two-brand strategy (Thorn & Zumtobel) with a balanced product portfolio and a mix of projects, key accounts and the retail sector. The Components Segment relies entirely on the Tridonic brand, which will also stand out with a particular customer orientation in the future.

SMART SOLUTIONS AND SERVICES: The Zumtobel Group relies on innovation and turnkey solutions that cover products, systems and services (including digital expertise). They are an integral part of its distinguishing features and the driver for future growth. Services will be expanded in the future as an important part of the offering, above all in the Lighting Segment.

ENVIRONMENT AND ENGAGED EMPLOYEES: The Zumtobel Group's sustainability goals are to reduce emissions, establish itself as a partner of choice and implement the principles of the circular economy. That would also make the Zumtobel Group a pioneer in this area of the lighting industry. Developing solutions to help customers meet their sustainability targets is also part of this goal. The Zumtobel Group will continue to offer an environment in which employees can grow personally and professionally and, in this way, make an important contribution to the company's success.

DIGITALISATION: The Zumtobel Group is systematically implementing digitalised process workflows "end to end", i.e. from the receipt of orders to after-sales. In addition, the company will increasingly offer digital products with expanded functions as well as digital services that create new customer experiences, strengthen customer ties and support the development of new earnings models for the Group.

1.1.7 Strategic focal points in 2023/24

- >> Investments in the future – upgrade of the TECTON carrier rail
- >> Introduction of the new Keyture IoT product brand
- >> Ecosystem Partnership Agreement with Siemens and Enlighted
- >> Reorganisation of the Tridonic plant in Dornbirn
- >> Science Based Targets initiative (SBTi): Targets submitted for validation
- >> Launch of circular economy pilot projects
- >> Introduction of a digital solution for the sustainability assessment and management of suppliers

A variety of external factors created numerous challenges for the Zumtobel Group in 2023/24. Persistently high interest rates and the related reservation of the construction industry, especially in the new building segment, created a difficult situation for the company. Despite this adverse situation, the pursuit of the corporate strategy and investments in the future continued. Continuous innovation connected with consistent quality management enabled the Zumtobel Group to further strengthen its position as a leading supplier of lighting solutions.

A major investment to upgrade the TECTON carrier rail system was made in 2023/24 and underscores its position as one of the Zumtobel Group's most outstanding products. The upgrade of the TECTON carrier rail system marks a further milestone in our plans to offer our customers the very best. One key feature of this upgrade is the expansion of connectivity options. The new TECTON carrier system is equipped with 15, instead of the previous 11 poles. This gives our customers a broader range of application possibilities and greater flexibility in the design of lighting solutions. From an industrial environment to commercial facilities, it can be easily adapted to meet different branch requirements. Expanded functions make it possible for our customers to customise their lighting solutions and thereby increase their efficiency and productivity. This innovation strengthens our position as a leading provider of lighting solutions and highlights our strong commitment to quality and customer satisfaction.

Another important innovation in the past financial year was the introduction of the new Keyture IoT product brand as the new smart building solution for the Zumtobel Group. This modular software suite with its intelligent sensors includes various solutions that cover maximum energy savings, the monitoring of compliance with sustainability goals and the tracking of objects. The new product line will help to position the Zumtobel Group as a pioneer in integrated technology and support the development of new market segments.

The Zumtobel Group recently announced the signing of an Ecosystem Partnership Agreement with Siemens and its Enlighted subsidiary. This strategic partnership strengthens the position of the Zumtobel Group in the future field of intelligent building solutions and opens new opportunities for growth and innovation.

The challenging situation in the components business led to a decision by the Zumtobel Group in favour of an extensive reorganisation of the Tridonic plant in Dornbirn. The decision was taken in October 2023 and fully implemented in January 2024. This step is intended to increase operating efficiency in Dornbirn and to protect the competitive ability of the Components Segment over the long term.

In agreement with the long-term corporate strategy, the Zumtobel Group continued to increase its efforts in the area of sustainability. Numerous measures were implemented to reduce the ecological footprint of the business, to increase the efficiency of resource use and to establish more sustainable business practices. These initiatives form an integral part of the company's social responsibility and its commitment to environmental protection.

A key highlight in the 2023/24 financial year was the submission of the targets for validation in connection with the Zumtobel Group joining the Science Based Targets initiative (SBTi) in the previous year. By joining the initiative, Zumtobel Group is committed to reducing CO₂ emissions along the entire value chain in line with science-based net zero targets. The submission of the targets represents a further step in this direction.

The Zumtobel Group also achieved certification under the Cradle to Cradle Certified® Product Standards for the new ARTELEA floor lamp and Tridonic's fourth generation excite driver. The first Bronze Cradle to Cradle Certified® certification was also received for both product groups.

**Investment to
upgrade the TECTON
carrier rail system**

**Introduction of the
new Keyture IoT
product brand**

**Ecosystem
partnership with
Siemens and Enlighted**

**Reorganisation of the
Tridonic plant in
Dornbirn**

**Science Based Targets
initiative: Targets
submitted for
validation**

**Circular economy
pilot projects**

ARTELEA is not only versatile and easily serviced due to its modular design, but the recycling, modernisation or replacement of the luminaire head are also problem-free. Consequently, the service life of ARTELEA does not end with its initial use, and the luminaire can be returned to the cycle. The recycling of the floor lamp in place of a new purchase can save up to 72.4 kg CO₂. The AVENUE exterior light also has a high recycling component and, in addition to the ARTELEA floor lamp, is another product family that was developed and introduced in 2023/24 based on circular design rules to improve recyclability.

Certification of the excite driver

With the certification of the fourth generation of the so called excite driver, Tridonic became the first company in the electronics branch to achieve parallel cradle-to-cradle certification for LED drivers and LED modules. Tridonic's LED modules received this certification in 2022.

Digital solution for the sustainability assessment and management of suppliers

Other activities in 2023/24 involved efforts to optimise supplier management. This use of new digital instruments allows the Zumtobel Group to review its suppliers more efficiently and to follow their performance and compliance with corporate sustainability goals. The implementation of "Digisus" represents a milestone in the sustainability evaluation of the Zumtobel Group's suppliers.

1.2 Consolidated Non-financial Statement

The Zumtobel Group is an international lighting corporation and a leading supplier of innovative lighting solutions, lighting components and related services. A detailed description of the business model is provided in this management report under "The Zumtobel Group – an Overview". Sustainable and responsible actions are firmly anchored throughout the Zumtobel Group. The corporate group accepts its responsibility to society and is committed to the principles of sustainable corporate development. This includes a contribution to providing future generations with a stable economic, social and ecological environment. In reaching its economic goals, the Zumtobel Group therefore also takes ecological, social and ethical factors into consideration.

The lighting and components plants in the Zumtobel Group are organised in a global production network. The individual plants are linked in a way that best utilises their regional and technological strengths for the benefit of the entire Group. Close geographical proximity to the target markets allows for fast and highly flexible deliveries to customers ("local for local"). The lighting plants are located in Dornbirn (Austria), Spennymoor (UK), Niš (Serbia), Lemgo (Germany), Les Andelys (France) and Highland (USA). The components plants are situated in Dornbirn (Austria), Spennymoor (UK), Niš (Serbia) and Shenzhen (China).

1.2.1 Guiding Light

"THE ZUMTOBEL GROUP ON THE ROAD TO SUSTAINABILITY."

We are taking the lead with this year's report. Once again, Our aim is not only to meet legal requirements, but also to make real progress on the road to sustainability. It's about seizing the opportunity to positively design our world and taking on actions that are important for us and our environment. In doing so, we take responsibility for ourselves long before others do. As a designer of lighting solutions that go hand in hand with a liveable planet. As a business partner who assumes responsibility along the entire value chain. As a company which views itself as an integral part of society.

**Zumtobel Group
on the road to
sustainability**

Our road to sustainability is accompanied by three focal points along the entire value chain, which have evolved from the revision and adaptation of materiality:

>> Net-Zero

There is only one way: the way that leads to zero CO₂.

>> Circular Economy

Paths that lead us in circles and still take us forward.

>> Partner of Choice

The paths we choose that encourage others to join us.

1.2.1.1 Net-Zero

“THERE IS ONLY ONE WAY: THE WAY THAT LEADS TO ZERO CO₂.“

We are on the road to net-zero, meaning the complete reduction of our ecological footprint. The use of sustainable energy sources and technical optimisation is supporting the continuous reduction of CO₂e emissions in our plants. By submitting the targets to the Science Based Targets initiative for validation, we emphasise our commitment to making significant progress in reducing emissions along the entire value chain. With the sustainable procurement of raw materials and the development of future-oriented lighting solutions. And to do this, we are continuing to work closely with our customers, suppliers and business partners.

The material topics for reporting on our road to Net-Zero are:

- >> Climate change mitigation
- >> Energy & renewable energy
- >> Procurement

Net-Zero for the Zumtobel Group means the avoidance and reduction of emissions along the entire value chain. The foundation is formed by the Greenhouse Gas Protocol for Carbon Accounting and by the scientifically based requirements for reduction in line with the Science Based Target initiative (SBTi).

Scope 1 and 2 CO₂ emissions are targeted to fall below 9,500 t in spite of growth, and the share of renewable energies should rise to over 65%.

Commitment on the road to Net-Zero

The conversion to efficient lighting in infrastructure and buildings plays an important role in the reduction of emissions. With its portfolio of sustainable lighting solutions, the Zumtobel Group actively supports its customers in meeting their environmental goals.

The Zumtobel Group has set numerous goals and is working to meet the short-term goals set with the Science Based Targets initiative (SBTi) by 2030. The company further reduced its ecological footprint during the past financial year and, in doing so, made substantial progress to realise these goals.

The commitment to the SBTi underscores the Zumtobel Group's ambitions to reduce emissions along the entire value chain and to follow a net-zero roadmap. Meeting this goal will only be possible through close collaboration with customers, suppliers and business partners to help create a sustainable future.

Highlights on the road to Net-Zero

Continuous improvement measures in energy-intensive processes such as injection moulding, laminating, heating and cooling led to a reduction of around 1,000 t CO₂e in the Zumtobel Group's plants during 2023/24 financial year. Scope 1 and 2 emissions have been reduced by 60% since the 2020/21 financial year.

Another highlight on the road to Net-Zero involves the improvements to data recording processes and the further detailing of calculation methods to achieve higher data quality in carbon accounting. All categories of the Greenhouse Gas Protocol relevant for the Zumtobel Group are presented in full.

The Zumtobel Group submitted its short-term and long-term goals to SBTi. They will be validated by SBTi during the 2024/25 financial year.

1.2.1.2 Circular Economy

"PATHS THAT LEAD US IN CIRCLES AND STILL TAKE US FORWARD."

With the development of circular business models, we are linking the circular economy to our entrepreneurial core. For this, we develop special expertise in areas such as product design according to the Circular Design Rules, the refurbishment and reuse of our products, the establishment of the necessary logistics and partner networks as well as the high-value recycling of the materials used in our products. A circular economy is not only a vision but also a goal that we aim to meet – through the procurement of sustainable resources, Circular Design Rules, interdepartmental strategies, trainings and pilot projects which have an impact on the entire production process. We think in cycles and implement this approach in the many areas of our company.

The material topics for reporting on our road to a circular economy are:

- >> Sustainable products and applications
- >> Resources & use
- >> Circular economy &-models
- >> Waste

The design of our products and the quality of materials must meet sufficiently high standards to allow for their use as raw materials in the next product generation.

A circular economy offers the Zumtobel Group a model in which products and materials can move within a cycle, e.g. through reuse, refurbishment or recycling. The use of primary raw materials is reduced and waste is minimised.

Commitment on the road to the Circular Economy

The circular economy is viewed as a future-oriented form of business in which products are understood to be a source of raw materials for the next product generation. The intention is to gradually substitute high-quality secondary materials for the use of primary materials. The Zumtobel Group is transitioning from a linear to a circular economy through the introduction of Circular Design Rules and the development of circular business models. In this respect, the European Green Deal will pave the way. Future legal regulations, for example the Ecodesign for Sustainable Product Regulation (ESPR), are reviewed and new requirements are integrated directly in the Circular Design Rules. Pilot projects, the creation of circular business models, cooperation with partners as well as the development of processes and business models represent further measures on our road to a circular economy. The achieved Cradle to Cradle Certified® certifications demonstrate our success in establishing a circular economy. Synergies between the opportunities arising from digitalisation and a circular economy will also be unlocked.

The procurement process was further aligned with a circular approach in 2023/24. Improvements were made in the availability and quality of data for environmentally critical materials, recyclability and the recycling content of input materials.

A milestone on the road to the Circular Economy goal was set with the successful implementation of a pilot project together with carla Vorarlberg, SPAR and Voestalpine. The project focused on the reuse and high-value recycling scenarios: During the EUROSPAR Lustenau refurbishment, existing TECTON installations were carefully dismantled, examined, measured and readied for reuse, while the tracks were used for a second generation by the steel supplier. The project backgrounds and results were published in a white paper.

Highlights on the road to the Circular Economy

The development of standardised refurbishment kits for the modernisation of existing luminaires was intensified during the reporting year. The kits are designed to extend the products' lifetime of already installed luminaires directly at the customer's location. This high-quality, standardised solution gives customers an opportunity to significantly reduce their energy consumption and provides a low-effort solution in regards to the prohibition on fluorescent lighting. The refurbishment kit portfolio was extended, above all for the linear luminaire and, in connection with renovation efforts, is growing to become a fixed part of our product portfolio. The development of standardised refurbishment kit solutions and replacement components represents an inherent part of many new product developments.

Zumtobel's ARTELEA free standing luminaire became one of the first products worldwide to be Bronze Cradle to Cradle Certified® under the new 4.0 certification standard in 2023/24. This project involved the development and use of a PTFE-free lacquer. As part of a light-as-a-service contract, the product is offered with a remanufacturing option.

At the Light + Building trade fair in 2024, Zumtobel presented an example of sustainable material selection and circular design with the IZURA concept luminaire, alongside the draft of a new product passport (Digital Product Passport, DPP). A Digital Product Passport creates a unique digital identity, and includes technical data, information on environmental aspects as well as circularity.

1.2.1.3 Partner of Choice

“THE PATHS WE CHOOSE THAT ENCOURAGE OTHERS TO JOIN US.”

We create good and fulfilling conditions for everyone who accompanies us on the road to the future. As an employer and business partner, we develop sustainable strategies, programmes, sets of measures and systems that foster a fair, transparent, motivating and healthy environment. As a Partner of Choice, we challenge and encourage our employees as well as our suppliers, and help our customers reach their sustainability goals. Through our transparency on emissions, the development of a circular economy and an offering of comprehensive solutions, reliable data, know-how transfer and process innovations.

The material topics for reporting on our road to becoming the Partner of Choice are:

- >> Human rights
- >> Employee satisfaction
- >> Training & continuing education
- >> Diversity & equal opportunity
- >> Occupational safety, health and well-being
- >> Product quality & safety
- >> Customer health & safety
- >> Customer satisfaction
- >> Social standards in the supply chain
- >> Supplier management

Our due diligence responsibilities cover the entire value chain. We meet our goals together with our employees and our suppliers, partners and customers.

The sustainable, ecological and inclusive transformation of the economy requires close cooperation above and beyond corporate boundaries. Climate protection, growth and competition must be combined, and socially just transformation of the economy made possible. New rules and regulations establish requirements for the recording and exchange of reliable data by all stakeholders. In this connection, digital processes and networked thinking are the keys to success. The Zumtobel Group involves business partners along the entire value chain to jointly create solutions for the upcoming challenges.

Central elements for the cooperation with suppliers are transparency, protecting human rights and upholding high social standards. A recently introduced digital solution (Digisus) makes supplier management more efficient and, together with other elements like the code of conduct for business partners and the internal whistle-blower system, builds a framework for compliance with diligence responsibilities.

Through the continuous improvement of its people strategy, the Zumtobel Group wants to be the employer of first choice for all those who want to develop their potential and drive the future of light.

To reach their sustainability goals, customers are increasingly seeking out comprehensive solutions, including extensive evidence and data at the corporate, solution and product. The Zumtobel Group therefore engages in a dialogue to precisely meet these requirements at both the content and systematic levels. As a true partner, the company offers targeted solutions that meet customers' needs.

A digital platform introduced during the reporting year allows the Zumtobel Group to monitor the sustainability performance of its suppliers.

Employee retention is underscored by the recently implemented system of lifecycle surveys, ad-hoc surveys and surveys of the global workforce.

The lighting plants in Les Andelys and Lemgo were certified under the ISO 45001 occupational safety and health protection management systems standard. All European production locations now meet these strict requirements.

A worldwide customer survey provided positive feedback on the Zumtobel Group's sustainability performance. To provide customers with sparring and implementation support and offer targeted solutions, a dedicated training programme was introduced to the sales team.

Framework for the non-financial statement

This year's group management report also includes the consolidated non-financial statement required by § 267a of the Austrian Commercial Code. With this statement, the Zumtobel Group meets its reporting requirements under the Austrian Sustainability and Diversity Improvement Act ("Nachhaltigkeits- und Diversitätsverbesserungsgesetz", NaDiVeG) on environmental, social and employee issues, on the respect for human rights, and the fight against corruption and bribery. The information included in this report refers equally to the Zumtobel Group and its subsidiaries, unless indicated otherwise.

This non-financial statement applies to the 2023/24 financial year and reflects all principles defined by the Global Reporting Initiative (GRI 2001). It was prepared in agreement with the GRI standards, applicable to the period from 1 May 2023 to 30 April 2024. Reporting was expanded to place a greater focus on the issues most important to the Zumtobel Group and its stakeholders. In addition to this non-financial statement, selected content is included in the current group management report, under risk management, and in the corporate governance report and the consolidated financial statements.

Commitment on the road to becoming the Partner of Choice

Highlights on the road to becoming the Partner of Choice

Consolidated non-financial group statement based on GRI standards

The orientation on GRI standards and the related expansion of reportable data reflects 2020/21 as the base year. This ensures the comparability of data with the following years.

In preparation for the introduction of mandatory reporting under European Sustainability Reporting Standards (ESRS), the Zumtobel Group deals, as in the previous year, with sustainability based on the principle of double materiality in this report. Double materiality covers two dimensions, namely the materiality of the impact on society and the environment ("inside out") and financial materiality ("outside in"). Impacts, risks and opportunities along the Zumtobel Group's value chain are identified and assessed: This depends on the nature of the activities concerned, business relationships, geographical circumstances or other risk factors.

The consolidated non-financial statement was presented to the Supervisory Board and reviewed and released by this corporate body and by PwC for its correctness, regularity and appropriateness with limited assurance. The supplementary content in this non-financial statement is intended to provide a better understanding for the Zumtobel Group's stakeholders.

1.2.2 Corporate Governance

THOSE WHO KNOW WHAT'S COMING CAN TAKE THE INITIATIVE.

Management approach & due diligence processes

Sustainability reporting requirements will be expanded significantly in the coming years, among others through the Corporate Sustainability Reporting Directive (CSRD). The disclosure of data on the impact on the environment, social aspects and governance creates a new level of transparency and permits the comprehensive comparison of various companies. From this perspective, it can be expected that sustainability aspects will grow to become new disciplines and play a more decisive role in competition. An active commitment and well-founded management are essential to continuously improve sustainability performance along the value chain.

Sustainability is an integral part of the Zumtobel Group's management system. Its goal is to protect the Group's market position over the long-term and further develop the organisation in keeping with political, economic, socio-cultural, technological, ecological-geographic and legal influencing factors.

The management process ensures that the context analysis reflects stakeholders' requirements. It must also be capable of identifying the key internal and external issues which are relevant for the Zumtobel Group and evaluating and prioritising the resulting opportunities and risks according to their respective effects.

Any direct need for action and the related goals are defined in line with the context analysis, a review of the company's strategic orientation, its strategy and the related adjustments. Progress on the defined measures and target attainment are reviewed regularly. Compliance with all binding obligations, the dialogue with our stakeholders and insightful reporting are further important elements of the Zumtobel Group's management process.

The stakeholder dialogue often leads to the identification of various possible approaches to sustainability. The United Nations Sustainable Development Goals (SDGs), as a global compass, are often a suitable starting point for describing the Zumtobel Group's sustainability performance. The dialogue with stakeholders is designed to reflect the different ESG viewpoints and to always return to the underlying material topics.

The material topics for sustainability reporting are positioned in the core and linked with the above mentioned approaches – SDG, value chain. Connections to the internal specialist departments are also shown. In practice, this presentation forms a good basis for a shared understanding with the discussion partner and a workable structure for a successful dialogue on sustainable management.

Goal attainment in 2023/24

The Zumtobel Group was successful in meeting the goals set for 2023/24. Monthly meetings between the finance and Group sustainability departments set the stage for process networking, the desired EcoVadis score was reached, and the first steps were taken to implement the ESRS requirements.

Goals for 2024/25

- >> Implement and anchor the requirements of the upcoming sustainability regulations in the organisation
- >> Further development of the EcoVadis score

1.2.2.1 Review & outlook

Progress report on sustainability performance in 2023/24

Sustainable actions are firmly anchored in the Zumtobel Group's corporate strategy. Based on the core business, the objective is – and has been for slightly over 70 years – to make the best possible contribution to a liveable future. The Zumtobel Group documents its sustainability performance according to the areas covered in the report and the respective material topics.

Area	Material topic ¹	Goal	Measures, activities, results	Status	SDG
Corporate governance					
	Updating the double materiality according to ESRS criteria		Update of the assessment of double materiality (in accordance with ESRS); no additional topics or changes to the assessment; stakeholder surveys conducted for this assessment	●	8
	Publication of progress report (COP)		Ongoing commitment to the UN Global Compact for FY 2022/23; link to the COP available on the Zumtobel Group website	●	16, 17
	Corporate goals for the klimaaktiv Pact 2030		The corporate targets set were achieved; further improvements through annual updating of the monitoring documents	●	17, 13
	Active membership of IPC		The Tridonic technology brand is a member of the IPC Association Connecting Electronics Industries	●	16, 17
	EcoVadis awards		Zumtobel Group: Gold medal 2024 Tridonic: Gold medal 2024	●	16,17
Stakeholder management (material topic)					
	Stakeholder Engagement		Survey of customers, suppliers, business partners and investors on the Zumtobel Group's sustainability performance	●	17
Increase in enterprise value (material topic)					
	Positive sustainability indices		The Zumtobel Group is included in sustainability indices (e.g. VÖNIX and Sustainalytics) on an annual basis	●	8
Financing & investments (material topic)					
	Implement regulatory requirements of the EU Taxonomy Regulation		Recording taxonomy conformity in reporting	●	8
Transparency & reporting (material topic)					
	Reporting in accordance with the GRI framework (2021) and in preparation for CSRD		Reporting structure is adapted to GRI requirements; report content is prepared in accordance with GRI; gap analysis on ESRS carried out with the specialist departments	●	8
Sustainable products & applications (material topic)					
	Marketing the topic of environmental product declarations EPDs after 10 years of use		Defined new products receive an EPD; over 5,000 environmental product declarations generated	●	11, 13
	Improving the energy efficiency of luminaires		The average energy efficiency of the luminaires placed on the market improved by 3.15%	●	11, 13
Innovation (material topic)					
	Increase in the number of patents and property rights		Active number of industrial property rights 8,966 and 4,151 patents	●	9
	Investigating new and sustainable solutions		Predictive maintenance; presentation of Smart Outdoor Lighting with Sensor X	●	9
Digitalisation & digital transformation (material topic)					
	Strategy development		Definition and implementation of the digital transformation strategy	●	9

Area	Material topic ¹	Goal	Measures, activities, results	Status	SDG
ENVIRONMENT					
		All major locations in the group of companies are ISO 14000 and ISO 50001 certified	Obtaining certification in accordance with the requirements of ISO 14001 and ISO 50001 at all certified locations	●	13
E	Climate protection (material topic)	Scope 1 & 2 emissions according to Greenhouse Gas Protocol and GRI	Scope 1 reduced from 7,892 tonnes to 7,451 tonnes, reduction of 6% Scope 2 reduced from 2,644 tonnes to 2,129 tonnes, reduction of 19%	●	13
		Scope 3 emissions according to the Greenhouse Gas Protocol and GRI	11 of the 15 upstream and downstream processes according to the Greenhouse Gas Protocol are relevant for the Zumtobel Group and are recorded	●	13
		Continuous improvement	Target achievement of less than 9,950 tonnes of CO ₂ e emissions in Scope 1 & 2 CO ₂ e reduction of 9% compared to the previous year	●	7, 13
		Net-Zero	Submission of SBTi targets for validation	●	13
E	Energy & renewable energy (material topic)	Continuous increase in the share of renewable energy	All European locations obtain electricity from renewable energy sources; share of renewable energy increased from 59% to 60.5%	●	7, 13
		Reduction in energy consumption	Energy consumption was reduced by 4%	●	7, 13
		Reducing the energy consumption of products sold	Further improvement in the intensity of the light works by 10%	●	7, 9, 12, 13
		Continuous improvement	Conversions and increases in the proportion of district heating; biogenic heat generation	●	13
E	Water & waste water	Optimisation of water consumption	Reduction in water consumption of 9%	●	6
		Continuous improvement	Multiple use in the area of coating and fewer layers; reduction of flow times; new cooling towers	●	6
E	Material & consumption (material topic)	Transparency with regard to ingredients per product group	Ongoing review of product groups for compliance with the Restricted Substances List	●	12
		Optimisation of the material ingredients	Continuous survey of recyclability & recycling share of purchased materials; increase in recyclable material share of key product groups	●	12
		Product group strategy: integration of sustainability aspects	Regular review of main suppliers for sustainability requirements and continuous further development	●	8, 12
		Preparation for CSDDD	Preparation by creating transparency via the digital platform: DigiSus	●	8, 13
		Greening the company car fleet	Procurement policy in accordance with the company car policy; share of e-mobility: 10.3%		13
E	Circular economy & models (material topic)	Circular Design Rules & Digital Product Passport	CDRs further intensified in new product developments	●	8, 12
		Digital Product Passport (DPP)	First draft for a digital product passport (IZURA pendant light) developed		12

Area	Material topic ¹	Goal	Measures, activities, results	Status	SDG
E	Circularity in the procurement of materials	Circularity in the procurement of materials	Procurement processes geared towards circularity; conspicuous ingredients identified and removed, e.g. use of PTFE-free paint for the ARTELEA floor lamp	●	8, 12
		Establishment of circulation systems	Examples of successful projects: Maintenance & Upgrade: Launch of standard refurbishment kit solutions for MIREL/MIRAL and CLEAN Reuse & High-Value Recycling: Implementation of pilot project Spar & CARITAS Vorarlberg Remanufacturing: Development of Circular Light-as-a-Service models for ARTELEA floor lamp	●	8, 12
		Cradle to Cradle Certified® - certified products	Tridonic LED modules in the LLE, QLE and CLE product groups (Bronze - certification standard 3.1); Zumtobel Lighting with the ARTELEA free-standing luminaire (Bronze - certification standard 4.0)	●	12
E	Waste (material topic)				12
	Waste optimisation		Reduction of waste by 2%	●	12
	Continuous improvement		Optimisation of production planning; separation of plastic waste by type; optimisation of maintenance cycles leads to a reduction in waste; optimal use of blanks; grinding and reuse of sprue materials	●	12
	Improving the recycling rate		Recycling rate: 91.02%	●	12
SOCIAL					
S	Employee satisfaction (material topic)	Strengthening the employer brand: WE LIVE LIGHT	Development of an Employee Value Proposition (EVP) which is part of the LIGHT UP HR strategy	●	3
		Employee surveys	Introduction of Viva Glint as a survey tool for system-supported life-cycle surveys, ad-hoc surveys and global employee surveys	●	3, 8
		Continuous improvement in satisfaction	All measures from employee surveys were assigned to responsible persons using action tracker tools; over 60% of the measures decided upon have already been implemented	●	8
S	Work-Life-Balance				8
	Promotion of a healthy work-life balance		Award of the "Excellent family-friendly company 2023-2024" seal of approval	●	8
S	Education & training (material topic)				4
	Management development programme		The Leadership Excellence Programme consists of two modules: the "Leadership Base" (Leaders Summer Camp) and "Leadership Excellence"	●	4
	General further training		Newly revised training catalogue with over 120 new soft skills e-learnings	●	4
	Apprenticeship programmes		Introduction of a new apprenticeship: surface technician specialising in powder coating and hand painting	●	4
	Trainee programmes		Roll-out of the trainee programme	●	4, 8

Area	Material topic ¹	Goal	Measures, activities, results	Status	SDG
S	Diversity & equal opportunities (material topic)				5, 10
	Promotion of women in the company	Increase in the proportion of women in management positions to 22.4%	●	5, 10	
	Equal opportunities, elimination of discrimination, diversity & inclusion	Employee survey and strategy development on diversity, equity & inclusion	●	5, 10	
S	Diversity & inclusion	Vocational support programme for young people with physical or mental disabilities	●	5	
	Occupational safety, health & well-being (material topic)				3
	Continuous further development of the health programme	Introduction of annual targets at the Occupational Health Review Meeting; Zumtobel Group wellbeing calendar (e.g. health day with various stations)	●	3	
	Implementation of ISO 45001 within the group of companies	2 additional locations are ISO 45001-certified	●	3	
S	BGF pilot project	Implementation of pilot project at the Dornbirn site: duration of three years, partnership with the Austrian Health Insurance Fund for workplace health promotion; detailed action plans for target achievement were drawn up	●	3	
	Accidents at work	LTI ratio: 4.8 (previous year: 3.7) TRI rate: 6.7 (previous year: 4.7)	●	3	
	Customer satisfaction (material topic)				7, 9, 11, 12, 13, 17
GOVERNANCE					
G	Compliance (material topic)				16
	Whistleblower system	Addition to the recording of possible human rights violations in the user interface	●	16	
	Internal Control Check	24 sales companies have undergone the annual self-assessment; assessment includes questions relating to the existence and implementation of local guidelines with the aim of preventing fraud	●	8, 16	
	Revision of the Code of Conduct 2023	Updating the version of the Code of Conduct	●	8, 16	
	Employees are trained in compliance topics	Mandatory training on the Code of Conduct (new employees) and Code of Conduct Refresher 2023 (for existing employees; new in this financial year) - Module 1	●	8, 16	
	Fraud prevention	The Fraud Prevention Policy introduced serves to prevent, detect and respond to fraudulent activities within the Zumtobel Group	●	4, 16	
	Data protection	Mandatory data protection training via company-wide learning platform - Module 2	●	4, 16	

Area	Material topic ¹	Goal	Measures, activities, results	Status	SDG
G	Due diligence - human rights (material topic)				
	Compliance with due diligence obligations	Requirements from the due diligence obligations are taken into account in internal documents and processes	●	16	
	Preparation for CSDD / human rights	Declaration of principles on human rights is written into Group policy & communicated internally	●	16	
G	Environmental & social standards in the supply chain (material topics)			8, 12	
	Carrying out sustainability audits for new and existing suppliers	219 QA audits and 123 sustainability audits were conducted with suppliers	●	5, 8, 12, 16	
	Evaluate suppliers from risk countries for sustainability performance	Based on industry and country risk ratings	●	5, 8, 12, 16	
	Obligation of suppliers to comply with RoHS, REACH and observance of conflict minerals	CMRT report is available for download on the website	●	8, 12, 16	
	Independent validation of commitment to sustainable procurement	Validation of sustainability performance through maturity analysis (EcoVadis)	●	8, 12	
G	Procurement & supplier management (material topic)			12	
	Transformation of supplier management	Introduction of DigiSus (Digital Sustainability) - enables a more efficient overview of suppliers, their ESG performance and compliance	●	8, 12,	
	Integrate requirements from the duty of care	Due diligence requirements are taken into account in the supplier onboarding process	●	12, 16	
		Continuous revision and adaptation of the Code of Conduct for Business Partners	●	16	
	Evaluation of upstream Scope 3 emissions	Diversity & inclusion noticeable along the value chain through specific supplier relationships	●	5, 10	
		Strategic suppliers: screening already covered by EcoVadis assessment	●	13	

¹ Reflects the company's topics that are material for reporting and topics that are relevant to reporting

- Completed
- In progress

Sustainability roadmap

The roadmap was prepared for the Net-Zero, Circular Economy and Partner of Choice focal points and translated into a working programme with voluntary commitments. These commitments are related to the material topics connected with the above-mentioned three focal points and are underscored with measures and activities. They cover the full range of environmental, social and governance aspects. This roadmap serves as a guideline for the continuous improvement in the sustainability performance of the Zumtobel Group.

Material topic	Commitment	Measures, activities	Status	Goal
Net-Zero				
E	Climate change mitigation (emissions)			
	Reduction of emissions (Scope 1 and 2)	Reduce emissions (despite planned growth) to below 9,500 t CO ₂ e		2024
	Net-Zero	Prepare medium- and long-term reduction plans in agreement with the Paris Climate Agreement	Active SBTi membership 2023 SBTi goal submitted for validation in 2024	2025 Development of measures to reach SBTi goals
E	Energy & renewable energy			
	Increase the share of renewable energy to 65%	Conversion from natural gas to biogas in Les Andelys and technical optimisation of power coating in Spennymoor		2024
Circular economy				
E	Material & consumption			
	Use of materials for the circular economy	Recyclate content in all new product developments is increased to 50%	Systematic recording of recyclate content in products	2028
	Packaging material from recyclable sources	Continuous increase of recyclable material content in products Management and integration of environmental data (e.g. CO ₂ , recycled content)	70% recyclable materials are used in product portfolios	2024 2025
		Evaluation of packaging material from renewable resources	Use of packaging based on cellulose from industrial potatoes. Components Segment: fully converted to recyclable cardboard	2024

	Material topic	Commitment	Measures, activities	Status	Goal
E	Circular economy & models	Development of products for the circular economy	Systematic implementation of Design for Disassembly for simplified reparability and upgradeability of product	The design concept for the OMEGA luminaire module line is based on modularity and interchangeability	2024
			Increase offering of replacement parts & refurbishment kits	Refurbishment kits available for MIREL / MIRAL luminaire family	2024
			Remanufacturing option for 10% of the product families (Lighting Brands)	The ARTELEA free-standing luminaire is offered with a Light-as-a-Service contract	2030
			All premium products are Cradle to Cradle Certified® (components)	LED modules of the LLE, QLE, CLE product groups in Niš – Bronze	2030
		Establish circular systems	Implementation of projects for circular economic systems: maintenance & upgrade, remanufacturing, high-value-recycling	Pilot project implemented with Spar, CARITAS Vorarlberg and VOESTalpine	2025
E	Sustainable products & applications	Expand the availability of environmental product declarations	Target for availability of EPDs in number, % per product family, % of all products and new products	Continuous increase in automation of EPDs generation to improve availability	2024
Partner of Choice					
E, S	Environmental & social standards in the supply chain	Expand evaluation of suppliers according to social criteria	Further develop sustainability questionnaire based on expected EU due diligence regulation	Basis created by new digital platform "DigiSus"; numerous suppliers already evaluated	2025
		Encourage suppliers to conduct independent audits and assessments	Inquiry/survey on ISO 45001 with TOP suppliers	Supplier questionnaire takes into account queries for ISO certifications and SBT	2023
		Sustainability evaluation of all key suppliers with strategic relevance (high revenue volume)	Introduction of DigiSus platform in 2023 and continuous supplier onboarding		2024
S	Employee satisfaction	Action tracker tool	Over 80% of the measures from the employee survey will be implemented	Over 60% of the measures already implemented	2024
		Conduct an employee survey	Follow-up on global employee survey via Viva Glint		2024

	Material topic	Commitment	Measures, activities	Status	Goal
S	Education & training				
	360° feedback tool		Roll out the feedback tool in the Zumtobel Group	Use of Viva Glint: introduction of Viva Glint in FY 2023/24	2024
	Apprenticeship training		Introduction of a new apprenticeship: operating logistics	Introduction in autumn 2024	2024
S	Diversity & equal opportunities (material topic)				
	Promotion of women in the company		Increase in the share of women in management positions to 22.4%		2024
	Equal opportunities, elimination of discrimination		Development of strategy for diversity, equity & inclusion		2024
S	Occupational safety, health & well-being				
	Promoting employee health & well-being		Certification of all major European sites according to ISO 45001	Successful certification of Lemgo and Les Andelys; all European locations are ISO 45001- certified	2024
			Prepare overall concept for health management and implement key elements at the major European locations	Pilot location in Dornbirn, implementation of various measures to promote occupational health	2024
			Develop programme to record and identify main causes and duration of lost working days		2024
			Standardised BGM basis structure at all locations	Continuous data collection: status of BGM structure in all countries	2026
S	Product quality & safety				
	Compliance with the highest product safety standards		Planning for future standards through committee work and innovative hard- and software development in own laboratories	Simulation software (thermal calculation, FEA, Moldflow) for linking with risk analyses	2024
			Screening of new requirements for measurements and tests from the Circular Economy topic		2025
S	Customer satisfaction				
	Monitoring and improvement of customer satisfaction		Conduct regular brand equity monitoring	4.500 responses from customers	2024
			Programme for continuous improvement of customer satisfaction	Conduct workshops to improve and further develop customer satisfaction	2024

1.2.2.2 Sustainable management

Organisational anchoring & due diligence processes

The Zumtobel Group's commitment to sustainability covers the entire value chain and represents an integral part of the corporate strategy. The holistic approach taken in developing the sustainability programme includes the assignment of material topics to the ESG structure and their connection with the Sustainable Development Goals (SDGs) of the Zumtobel Group.

The material topics identified as part of the materiality update 2023/24 are viewed along the value chain and flow into the focal points – Net-Zero, Circular Economy and Partner of Choice. The roadmap which was finalised and released by the specialist departments and the Management Board rounds out the structured basis for the development of the sustainability programme.

The responsibilities for sustainability in the Zumtobel Group are clearly regulated and anchored. The sustainability steering committee (SSC) takes decisions on the strategic focus of all sustainability issues in the Group. It includes the Management Board of the Zumtobel Group as well as representatives of the brands, specialist departments like global human resources management, global procurement, brand & portfolio management, R&D, sales and the Group sustainability team. The sustainability steering committee meets quarterly to discuss and develop reporting requirements, focal points, non-financial indicators, the sustainability strategy and content for the roadmap and to define binding goals, deadlines and activities and to monitor indicators, goals and actions.

Sustainability steering committee

The Group sustainability staff department coordinates sustainability management. It is headed by the Group sustainability director who reports directly to the chairman of the Management Board of the Zumtobel Group. Sustainability officers are responsible for implementing the sustainability goals in the business units and, for this purpose, are in regular contact with the Group sustainability team. The Management Board, together with the Group sustainability director, provides the Supervisory Board with regular information on financial, operating, and strategic issues as well as current sustainability issues and progress on sustainability activities. This procedure makes it possible for the Supervisory Board to meet the controlling responsibilities related to sustainability performance.

Stakeholder management

“In our efforts to develop and maintain sustainable practices, we can see that our actions go far beyond our direct sphere of influence. Efficient stakeholder management is not only a strategy, but also a commitment to comprehensive decision-making, transparency and responsibility. The active integration of our stakeholders – from local communities to global partners – leads to trust, supports cooperation and establishes a joint responsibility on our road to sustainability. Together, we can navigate through complex issues, address concerns and use different perspectives to make reasonable change possible and create sustainable values for everyone.”

Laia Salvaing Torres, International Account Manager

Open and continuous dialogue with Stakeholders

The Zumtobel Group maintains an open dialogue with its interest groups to exchange information and opinions, and along these lines, to understand the expectations and demands of the various stakeholders and integrate the results in its corporate activities. This dialogue also helps to identify risks and opportunities at an early time and creates trust.

Close, direct and personal interaction, above all with a wide range of interest groups in the project business, advances the development of pioneering and sustainable lighting solutions. The following table provides an overview of the most important stakeholder groups and platforms for the Zumtobel Group.

The customer and supplier surveys carried out in 2023/24 brought more than 4,500 responses for an analysis of sustainability-related issues. The completeness and rating of the material topics were also evaluated via open feedback and included in the double material analysis for the reporting year.

The issue of sustainability is important for the Zumtobel Group's international customers. Many of these customers have already developed an ESG roadmap and place high demands on their business partners. The Zumtobel Group contributes at the strategic level and also offers numerous proven lighting solutions for implementation.

Stakeholder groups	Platforms/communication instruments
Investors/analysts	Conferences, road shows, telephone conferences
Customers/business partners	Personal meetings, newsletters & trade fairs, training programmes
Architects/designers/planners	Cooperation on product development and projects
Suppliers/producers	Supplier audits, annual meetings, continuous dialogue
Research/science	Cooperation with technical colleges and universities
NGOs/NPOs	Joint projects in support of corporate citizenship
Politics/public authorities	Producers' associations, standardisation committees, employer associations
Employees/contract workers	Employee reviews, events, social media
Neighbouring residents/neighbours	Direct personal contacts, meetings on construction projects
Works councils/AK/trade unions	Works council meetings, employee associations, collective agreement negotiations

Double materiality analysis

The materiality analysis is the central instrument for the identification and prioritisation of the most important sustainability issues.

The Zumtobel Group carried out regular materiality analyses in the past, which were always based on the standards applicable at the respective time: the 2021 standards of the voluntary Global Reporting Initiative (GRI) for the 2021/22 financial year and the "double materiality" for the 2022/23 financial year as described in the draft of the European Sustainability Reporting Standards (ESRS). The latest revision to the materiality analysis continues this process with adjustments to reflect the finalised ESRS which becomes mandatory in 2025 in connection with the implementation of the CSRD (Corporate Sustainability Reporting Directive).

Materiality analysis meets ESRS requirements

The materiality analysis covers activities, relationships and dependencies along the entire value chain. It leads to a better understanding of the actual and potential impact of a company on people and the environment as well as the financial opportunities and risks associated with sustainability issues.

The goal is to identify, prioritise and further develop the most important issues for the company and its stakeholders. In the sense of continuity, the necessary processes are fully integrated in management processes.

Implementation of the double materiality principle

The starting point for the materiality analysis 2023/24 was formed by previous analyses, the context analysis from the management system, and the environmental aspects matrix. A “long list” of issues was examined in two dimensions in the sense of “double materiality”: the impact on society and the environment (impact analysis, inside-out) and financial opportunities and risks (financial materiality, outside-in). The material topics for reporting were then defined as threshold values, and the results were validated by feedback from external and internal stakeholders. External stakeholders were involved via surveys, while supplementary interviews provided detailed information on selected issues. The respective specialist departments were responsible for the internal evaluation and confirmation of results.

All issues previously designated as material remained material after the analysis was updated in 2023/24. No additional material topics were identified.

The process to define the material topics for reporting was evaluated and approved by the chief governing bodies, the Management Board and Supervisory Board. Following is a structured list of the material topics for the Zumtobel Group in 2023/24 and their connection with issues related to the Austrian Sustainability and Diversity Improvement Act (“NaDiVeG”), material topics, ESG criteria and SDGs:

List of material topics

ESG	Material topic	Focal points	Sustainability/diversity*	SDGs
	Increase in the value of the company			8
	Financing & investments			8
	Transparency & reporting			8
	Sustainable products & applications		Environmental issues	12
	Digitalisation			8
	Innovation			9
E	Climate change mitigation (emissions)	Net-Zero	Environmental issues	13
	Energy & renewable energy	Net-Zero	Environmental issues	7
	Procurement	Net-Zero	Environmental issues	12
	Material & consumption	Circular Economy	Environmental issues	12
	Circular economy & models	Circular Economy	Environmental issues	7, 12, 13
	Waste	Circular Economy	Environmental issues	12
	Employee satisfaction	Partner of Choice	Employee issues	8
	Training and further education	Partner of Choice	Employee issues	4, 8
S	Diversity & equal opportunities	Partner of Choice	Employee issues	5
	Occupational safety, health & well-being	Partner of Choice	Employee issues	3
	Product quality & safety	Partner of Choice	Social issues	12
	Customer safety & health	Partner of Choice	Social issues	12
	Customer satisfaction	Partner of Choice	Social issues	12
	Compliance		Fight against corruption	16
			Employee issues	16
	Human rights	Partner of Choice	Respect for human rights	16
G	Environmental compliance		Environmental issues	16
	Environmental standards in the supply chain		Environmental issues	12
	Social standards in the supply chain	Partner of Choice	Social issues	8
			Social issues	12
	Supplier management	Partner of Choice	Respect for human rights	12
			Fight against corruption	12

* Austrian Sustainability and Diversity Improvement Act ("Nachhaltigkeits- und Diversitätsverbesserungsgesetz", NaDiVeG)

1.2.2.3 Increase in the value of the company (material topic)

For the Zumtobel Group, a sustainable increase in the value of the company stands for holistic entrepreneurial actions which, among others, require continuous adjustments to reflect the dynamic financial market environment. The Group's sustainability performance is evaluated externally each year, for example in connection with its listing in the Vörix sustainability index. The ESG risk rating carried out by Sustainalytics in April 2024 brought the Zumtobel Group 12.6 points. It represents an improvement of 0.6 points since November 2023 and clearly categorises the Zumtobel Group as a "low risk" company.

Financial flows to stakeholders

The Zumtobel Group generated economic value of EUR 1,137.2 million in the 2023/24 financial year. After the deduction of expenses and payments to equity and debt providers and to governments, the residual economic value equaled EUR 61.1 million. This presentation reflects the GRI definition and is based on financial flows derived from the income statement and cash flow statement.

Financial flows to stakeholders in EUR million	2019/20	2020/21	2021/22	2022/23	2023/24
Corporate revenues ¹	1,144.4	1,061.9	1,158.6	1,215.2	1,137.2
Operating expenses ²	(666.8)	(594.3)	(675.9)	(695.1)	(629.2)
Personnel expenses	(375.3)	(357.4)	(365.5)	(387.7)	(406.5)
Payments to shareholders	(0.0)	(4.3)	(8.6)	(15.1)	(17.3)
Payments to providers of borrowed capital	(7.2)	(5.7)	(5.4)	(6.9)	(11.6)
Payments to public bodies ³	(14.7)	(13.1)	(8.6)	(11.8)	(11.5)
Residual economic value	80.4	87.1	94.6	98.5	61.1

¹ Revenues and other operating income, interest income and cash inflows from the sale of assets.

² Cost of goods sold, selling expenses, administrative expenses and other operating expenses (excluding personnel expenses and depreciation/amortisation).

³ Excluding deferred taxes.

1.2.2.4 Financing & investments (material topic)

The greening of the economy creates significant opportunities for the investor stakeholder group. This is reflected in a key goal of the EU Action Plan on Sustainable Finance, which calls for the redirection of capital flows to sustainable investments. Against this backdrop, the EU Taxonomy Regulation took effect in mid-2020. It was conceived as a standardised and legally binding classification system to determine which economic activities in the EU are considered "ecologically sustainable".

ESG-linked loan

At the same time, the share of sustainable financing in companies is increasing. Sustainable financing is no longer a fleeting trend, but plays an increasing role in corporate financing. Sustainability-linked loans, for example, focus on the company as a borrower and evaluate the development and improvement of the company's sustainability goals. The Zumtobel Group converted the EUR 125 million consortium credit agreement concluded in December 2021 to an ESG linked loan in June 2023. It is connected to the sustainability strategy and performance, and the financing costs reflect the target attainment for the EcoVadis sustainability rating and the reduction of Scope 3 CO₂e emissions.

1.2.2.5 Transparency & reporting (material topic)

Reliable criteria for the areas of environmental, social and governance (ESG criteria) are becoming increasingly important for companies and their stakeholders. This development is being driven by new regulatory requirements and harmonised reporting standards (Corporate Sustainability Reporting Directive, European Sustainability Reporting Standards, Corporate Sustainability Due Diligence Directive), which are aimed at both greater transparency and better comparability.

The requirements of customers and the capital market are constantly increasing and, for example, the stakeholder group of investors is paying more and more attention to the ESG profile of their investments in equity and debt capital.

Basically, it is equally important whether the aim is to promote climate protection, strengthen sustainable production patterns across all sectors or align the economy as a whole with the circular economy model: Sustainability only works with proven transparency. Sustainability issues are no longer just about transparent external reporting, but about actively integrating the topic into relevant management processes within the company. The financial and non-financial world of information collection and its transparent communication will continue to merge.

Transparency of financial and non-financial aspects has therefore been a necessary requirement in the Zumtobel Group in order to safeguard trust in the company's sustainability performance. Transparency also promotes the opportunity to set goals for critical ESG issues and to continuously develop them further. The Zumtobel Group is committed to coordinating its sustainability performance in the Steering Committee set up for this purpose and to communicating the annual successes and required information transparently to its stakeholders in accordance with the GRI 2021 reporting structure in the "comprehensive" option.

In this sustainability report, the Zumtobel Group presents and reflects on its sustainability strategy and performance. In particular, it focuses on the impact of its own actions along the entire value chain on people and the environment as well as the organisation of corporate responsibility. Being at the cutting edge also means being able to hold your own against the competition. Today, this is more demanding than ever, as companies are not only thinking economically, but also ethically and no longer only bear responsibility for their customers, but also for the world in which these customers live.

1.2.2.6 Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)

The Taxonomy Regulation defines three conditions that must be met for an economic activity to be classified as sustainable.

- a) An economic activity contributes substantially to at least one of the following environmental goals as defined in Art. 9 (EU) 2020/852 and meets the respective technical screening criteria:
 - >> Climate change mitigation
 - >> Climate change adaptation
 - >> The sustainable use and protection of water and marine resources
 - >> The transition to a circular economy
 - >> Pollution prevention and control
 - >> The protection and restoration of biodiversity and ecosystems.
- b) An economic activity is only qualified as sustainable when it makes a substantial contribution to at least one environmental objective but, at the same time, does not significantly harm any of the other objectives ("do no significant harm", DNSH).
- c) The economic activity must meet minimum social objectives (Minimum Social Safeguards, MSS) to be classified as sustainable.

Based on this regulation, the EU Commission issued two delegated acts to define the technical screening criteria and publication methodology.

Data collection for the 2023/24 financial year covered the taxonomy eligibility of the six above-mentioned environmental objectives as well as the taxonomy alignment of the revenues, capital expenditure (CapEx) and the proportional share of operating expenses (OpEx) attributable to the climate change mitigation and climate change adaptation objectives.

This year's reporting, similar to the previous year, was the responsibility of a project team that included Corporate Accounting & Tax, Group Sustainability, Controlling Lighting Brands, Controlling Tridonic and Global Quality. In individual tasks, the economic activities were first evaluated based on the IT tool established by the EU Commission ("Taxonomy Compass") and the criteria for each economic activity were analysed.

Based on this analysis, taxonomy eligibility was then analysed at the Group level.

Economic activities connected with the Zumtobel Group's value creation process were identified as including activities directly related to revenues generated by the Zumtobel Group or activities involving individual CapEx or OpEx measures.

Overview of the identified taxonomy eligible economic activities

The following table provides an overview over the identified economic activities whose description reflects the EU Regulation and its interpretation by the Zumtobel Group. The interpretation was based on currently available information.

Economic activity as per Regulation	Description of economic activity as per Regulation	Interpretation and basis for taxonomy eligibility
CCM-3.5 Manufacture of energy efficiency equipment for buildings	(g) Light sources rated in the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369 and delegated acts adopted under that Regulation (j) Presence and daylight controls for lighting systems (m) Energy-efficient building automation and control systems for residential and non-residential buildings	Light sources in the sense of the Regulation include the LED modules as well as the luminaires and related equipment (tracks, mountings etc.) produced by the Zumtobel Group. Also included here are the luminaires produced by third parties on behalf of the Zumtobel Group which are marketed under a Zumtobel Group brand. Presence detection and daylight controls for lighting systems include sensors together with hardware and software for light management systems. This category includes LED ballasts which regulate the current flow between the electricity network and the LED light source. Emergency lighting is also classified as CCM-3.5 (m) because it represents an exemption to the regulations for energy labelling defined by Annex IV of the delegated regulation (EU) 2019/2015.
CCM-6.4 Operation of personal mobility devices, cycle logistics	Selling, purchasing, financing, leasing, renting and operation of personal mobility or transport devices where the propulsion comes from the physical activity of the user; from a zero-emissions motor; or a mix of zero-emissions motor and physical activity	E-bicycles purchased as job bikes and general e-bicycles are assigned to this category.
CCM-6.5 Transport by motorbikes, passenger cars and light commercial vehicles	Purchase, financing, renting, leasing and operation of vehicles designated as category M1, N1, both falling under the scope of Regulation (EC) No 715/2007 of the European Parliament and of the Council, or L (2- and 3-wheel vehicles and quadricycles)	Neither motorcycles nor light utility vehicles are in use. This category includes leased automobiles whose maintenance is the responsibility of the leasing company as well as purchased passenger vehicles.
CCM-7-3 Installation, maintenance and repair of energy efficiency equipment	Individual renovation measures consisting in installation, maintenance or repair of energy efficiency equipment	Service contracts with our customers are assigned to CCM-7.3 (d).

CCM-7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)		The new charging stations for e-vehicles are included here.
CCM-7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	(a) Motion and day light control (b) Lighting control systems and energy management systems	The corresponding digital services of the Zumtobel Group are included here. The corresponding digital services of the Zumtobel Group are included here.
CCM-7.6 Installation, maintenance and repair of renewable energy technologies		Installation and maintenance as described in the Regulation are included here for the Austrian locations.
CCM-7.7 Acquisition and ownership of buildings		This covers, above all, the Zumtobel Group's leasing expenses for buildings.
CCM-8.1 Data processing, hosting and related activities		The internal computing centre is included here.
CE-4.1 Provision of IT/OT data-driven solutions		Investments in new IT solutions as described in the Regulation are included here.

Double counting of the relevant key performance indicators is not possible, as each economic activity is assigned to only one environmental goal.

Zumtobel Group does not conduct any economic activities related to fossil gas or nuclear energy and therefore does not publish the additional templates on fossil gas and nuclear energy.

Review of taxonomy alignment

An internal platform was installed to support knowledge building and communication. It contains all information materials, links to the related legal frameworks as well as documents and training videos on the EU Taxonomy and individual economic activities. The examination and verification process included a particular focus on verifiability and the dual control principle for data analysis.

All economic activities relevant for the assessment of taxonomy alignment have been analysed regarding potential significant harm of other environmental goals (Do no significant harm, DNSH). For example, Global quality is responsible for the examination and documentation of results from the climate risk and vulnerability analysis. Physical climate risks were evaluated according to a risks analysis of all plant locations.

On Group level, a materiality analysis was prepared. All potential risks out of these two analyses were identified and evaluated, and appropriate measures for reduction were defined and implemented.

All plant locations are certified for ISO 14001 and ISO 45001.

According to our assessment, the taxonomy eligible economic activities do no significant harm to other environmental goals.

The OECD guidelines for multinational companies, the UN Guiding Principles on Business and Human Rights including the eight fundamental conventions of the Declaration by the International Labour Organisation (ILO) on Fundamental Principles and Rights at Work, and the International Human Rights Charter are achieved in full. The Zumtobel Group's code of conduct and the code of conduct for business partners serve as central instruments for compliance with the social minimum standards.

The definitions used by the EU Taxonomy and the related delegated acts permit different interpretations as seen from the Zumtobel Group's point of view, and the interpretation of certain economic activities as of the reporting date did not identify any "prevailing theory". In a limited number of cases, third parties were unable to provide proof for conformity of the economic activity and the related position was therefore classified as not taxonomy aligned (e.g. the external computing centres). The Zumtobel Group maintains contacts with other stakeholders in the lighting industry (e.g. participation in the Joint Taskforce Taxonomy of the European Lighting Industry Association) to standardise reporting and to improve its scope and comparability.

Changes versus the previous year

In comparison with reporting on the 2022/23 financial year, data was collected on the taxonomy eligibility of the four additional environmental objectives and the existing data collection and reporting approaches for revenues, CapEx and OpEx were improved and made more transparent through automation steps. With CE-4.1 a new economic activity becoming relevant for reporting was identified. The approach to calculate capital expenditure (CapEx) and operating expenses (OpEx) did not change materially.

Key performance indicators (KPIs)

A specific approach was developed to analyse the taxonomy aligned share of the KPIs for revenues, capital expenditure (CapEx) and operating expenditures (OpEx) as a component of the respective economic activity.

Revenues

Revenues in the denominator of TEUR 1,126,975 (2022/23 1,209,200) include revenues from the sale, installation and repair of luminaires and from the sale, installation and repair of LED modules, ballasts, hardware and software for light management systems. These revenues are allocated to economic activities CCM-3.5 (g) (j) (m) and CCM-73 (d). The quantitative distribution of revenues to the various economic activities can be found on the notification form. Our evaluation of revenues is based on the consolidated Group amounts, whereby a breakdown is provided in the notes to the consolidated financial statements (see note 2.6.4.1 Revenues).

Taxonomy aligned revenues of TEUR 260,473 (2022/23 304,137) in the numerator represent the share of revenues that meet the technical screening criteria.

The technical screening criteria for business activity CCM-3.5 (g) define lighting sources as taxonomy aligned when they are classified in the two highest energy efficiency categories under Regulation (EU) 2017/1369 of the European Parliament and of the Council on Energy Labelling and delegated acts issued on the basis of this Regulation. The European Product Registry for Energy Labelling (EPREL) lists energy efficiency classes A and B as having the highest energy efficiency for lighting sources. Therefore, only luminaires in energy efficiency class A or B are recorded as taxonomy aligned. Emergency lighting does not carry an energy efficiency class under the EU Regulation and, consequently, there is no technical screening criterion here.

CapEx

Capital expenditures in the denominator of TEUR 64,164 (2022/23 69,409) represent the additions to tangible assets, assets under construction and intangible assets, including IFRS 16 rights of use as described in the IFRS consolidated financial statements (see note 2.6.6.2 Other intangible assets and note 2.6.6.3 Property, plant and equipment). Capital expenditures are allocated to economic activities CCM-3.5, CCM-6.4, CCM-6.5, CCM-7.3 to 7.7, CCM-8.1 and CCM-4.1. Our evaluation of CapEx is based on the consolidated Group amounts.

Taxonomy eligible CapEx includes the investments in category (a) (b) or (c) of the delegated act to Art. 8 1.1.2.2. Examples are:

- >> Investments in machinery and tools for the production of energy-efficient luminaires or LED components
- >> Investments in the development of products for energy-efficient luminaires or LED components as well as hardware and software for light management systems

Taxonomy aligned CapEx of TEUR 17,634 (2022/23 22,048) are determined according to the same procedure applied to revenues, i.e. taxonomy conformity results from compliance with the technical screening criteria. In financial year 2022/23, a CapEx plan was prepared and approved for the development of a product family that is particularly energy efficient (Energy Efficiency Class A or B), contributes to climate protection, and whose development will cover several years up to 2025/26. The related taxonomy eligible capital expenditures are reported as 100% taxonomy aligned in economic activity CCM-3.5 and environmental goal climate change mitigation.

Taxonomy aligned CapEx is assigned to the below economic activities:

in TEUR	Additions to tangible assets	Internally produced and purchased intangible assets	Rights of use to assets	Total	Thereof as part of a business combination	Thereof part of a CapEx Plan
CCM-3.5	8,843	7,133	0	15,976	0	7,438
CCM-6.4	387	0	0	387	0	0
CCM-6.5	723	0	0	723	0	0
CCM-7.3	196	0	0	196	0	0
CCM-7.4	54	0	0	54	0	0
CCM-7.5	181	0	0	181	0	0
CCM-7.6	116	0	0	116	0	0

OpEx

OpEx covers all direct, non-capitalised costs for research and development, building refurbishment measures, maintenance and short-term leases. The evaluation of OpEx is based on the consolidated Group amounts.

Taxonomy eligible OpEx are operating expenses classified under category (a) or (c) of the delegated act to Art. 8.1.1.3.2. Examples are:

- >> Directly allocated operating expenses for taxonomy eligible economic activities (production of energy efficient luminaires etc.)
- >> Proportional share of OpEx for taxonomy eligible projects in research
- >> Other operating expenses necessary to ensure the continued and effective functioning of relevant assets

OpEx in the denominator of 29,079 TEUR (2022/23 36,630 TEUR) are assigned to economic activities CCM-3.5, CCM-7.3, CCM-7.5 and CCM-8.1.

Taxonomy aligned OpEx in the numerator of 4.963 TEUR (2022/23 3.335 TEUR) are determined according to the same procedure and assigned to the following economic activities:

in TEUR	Tools and machinery for internally produced products	R&D activities for internally produced products	Total
CCM-3.5	2,241	2,716	4,957
CCM-7.4	6	0	6

Overview

Revenues	2023/24		2022/23	
	in TEUR	in %	in TEUR	in %
Absolute revenues	1,126,975	100.0	1,209,200	100.0
thereof taxonomy eligible	1,124,703	99.8	1,201,135	99.3
thereof taxonomy aligned	260,473	23.0	304,137	25.2
CapEx	2023/24		2022/23	
	in TEUR	in %	in TEUR	in %
Absolute capital expenditures	64,164	100.0	69,409	100.0
thereof taxonomy eligible	53,394	83.2	59,888	86.3
thereof taxonomy aligned	17,634	27.5	22,048	31.8
OpEx	2023/24		2022/23	
	in TEUR	in %	in TEUR	in %
Absolute operating expenditures	29,079	100.0	36,630	100.0
thereof taxonomy eligible	28,924	99.5	22,966	62.7
thereof taxonomy aligned	4,963	17.1	3,335	9.1

Turnover

Fiscal year	2023/24			Substantial Contribution criteria					
	Code	Turnover	Proportion of Turnover, year 2023/24	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity
Economic Activities				Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
Text		TEUR	%						
A.TAXONOMY-ELIGIBLE ACTIVITIES									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Manufacture of energy efficiency equipment for buildings	CCM-3.5	260,140	23%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of energy efficiency equipment	CCM-7.3	333	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		260,473	23%	23%	0%	0%	0%	0%	0%
Of which Enabling		260,473	23%	23%	0%	0%	0%	0%	0%
Of which Transitional		0	0%	0%					
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Manufacture of energy efficiency equipment for buildings	CCM-3.5	832,850	74%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of energy efficiency equipment	CCM-7.3	31,379	3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		864,230	77%	77%	0%	0%	0%	0%	0%
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		1,124,703	100%	100%	0%	0%	0%	0%	0%
B.TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Turnover of Taxonomy-non-eligible activities		2,272	0%						
TOTAL		1,126,975	100%						

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	23%	77%

DNSH criteria ('Does Not Significantly Harm')									
Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) Turnover, year 2022/23	Category enabling activity	Category transitional activity
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Y	Y	Y	Y	Y	Y	Y	25%	E	
Y	Y	Y	Y	Y	Y	Y	0%	E	
Y	Y	Y	Y	Y	Y	Y	25%		
Y	Y	Y	Y	Y	Y	Y	25%	E	
Y	Y	Y	Y	Y	Y	Y	0%		T
							72%		
							2%		
							74%		
							99%		

CapEx (Capital Expenditure)

Fiscal year	2023/24			Substantial Contribution criteria				
	Code	CapEx	Proportion of CapEx year 2023/24	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy
Economic Activities								
Text		TEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES								
A.1 Environmentally sustainable activities (Taxonomy-aligned)								
Manufacture of energy efficiency equipment for buildings	CCM-3.5	15,976	25%	Y	N/EL	N/EL	N/EL	N/EL
Operation of personal mobility devices, cycle logistics	CCM-6.4	387	1%	Y	N/EL	N/EL	N/EL	N/EL
Transport by motorbikes, passenger cars and light commercial vehicles	CCM-6.5	723	1%	Y	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of energy efficiency equipment	CCM-7.3	196	0%	Y	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM-7.4	54	0%	Y	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM-7.5	181	0%	Y	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of renewable energy technologies	CCM-7.6	116	0%	Y	N/EL	N/EL	N/EL	N/EL
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		17,634	27%	27%	0%	0%	0%	0%
Of which Enabling		16,524	94%	94%	0%	0%	0%	0%
Of which Transitional		723	4%	4%				
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)								
Manufacture of energy efficiency equipment for buildings	CCM-3.5	13,216	21%	EL	N/EL	N/EL	N/EL	N/EL
Transport by motorbikes, passenger cars and light commercial vehicles	CCM-6.5	4,505	7%	EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of energy efficiency equipment	CCM-7.3	1,206	2%	EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM-7.5	160	0%	EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM-7.7	9,334	15%	EL	N/EL	N/EL	N/EL	N/EL
Data processing, hosting and related activities	CCM-8.1	225	0%	EL	N/EL	N/EL	N/EL	N/EL
Provision of IT/OT data-driven solutions	CE-4.1	7,114	11%	N/EL	N/EL	N/EL	EL	N/EL
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		35,760	45%	45%	0%	0%	0%	0%
A. CapEx of Taxonomy-eligible activities (A.1 + A.2)		53,394	72%	72%	0%	0%	0%	0%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES								
CapEx of Taxonomy-non-eligible activities		10,770	17%					
TOTAL		64,164	89%					

Taxonomy-aligned per objective	Proportion of CapEx/Total CapEx	
	Taxonomy-eligible per objective	Taxonomy-eligible per objective
CCM	27%	72%
CE	0%	11%

		DNSH criteria ('Does Not Significantly Harm')									
		Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) CapEx year 2022/23	Category enabling activity	Category transitional activity
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
Y	Y	Y	Y	Y	Y	Y	Y	30%	E		
Y	Y	Y	Y	Y	Y	Y	Y	1%			
Y	Y	Y	Y	Y	Y	Y	Y	0%		T	
Y	Y	Y	Y	Y	Y	Y	Y	0%	E		
Y	Y	Y	Y	Y	Y	Y	Y	0%	E		
Y	Y	Y	Y	Y	Y	Y	Y	0%	E		
Y	Y	Y	Y	Y	Y	Y	Y	0%	E		
Y	Y	Y	Y	Y	Y	Y	Y	32%			
Y	Y	Y	Y	Y	Y	Y	Y	31%	E		
Y	Y	Y	Y	Y	Y	Y	Y	0%		T	
								23%			
								9%			
								3%			
								0%			
								11%			
								8%			
								0%			
								55%			
								86%			

OpEx (Operating Expenditure)

Fiscal year	2023/24			Substantial Contribution criteria					
	Code	OpEx	Proportion of OpEx, year 2023/24	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity
Economic Activities				Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
Text		TEUR	%						
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Manufacture of energy efficiency equipment for buildings	CCM-3.5	4,957	17%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM-7.4	6	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		4,963	17%	17%	0%	0%	0%	0%	0%
Of which Enabling		4,963	17%	100%	0%	0%	0%	0%	0%
Of which Transitional		0	34%	0%	0	0	0	0	0
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Manufacture of energy efficiency equipment for buildings	CCM-3.5	22,528	77%	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Installation, maintenance and repair of energy efficiency equipment	CCM-7.3	178	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM-7.5	1,255	4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		23,961	82%	82%	0%	0%	0%	0%	0%
A. OpEx of Taxonomy-eligible activities (A.1 + A.2)		28,924	99%	99%	0%	0%	0%	0%	0%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
OpEx of Taxonomy-non-eligible activities		155	1%						
TOTAL		29,079	100%						

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	17%	99%

DNSH criteria ('Does Not Significantly Harm')								Proportion of Taxonomy aligned (A.1) or eligible (A.2) OpEx, year 2022/23	Category enabling activity	Category transitional activity
Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Y/N			
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
Y	Y	Y	Y	Y	Y	Y	9%	E		
Y	Y	Y	Y	Y	Y	Y	0%	E		
Y	Y	Y	Y	Y	Y	Y	9%			
Y	Y	Y	Y	Y	Y	Y	9%	E		
Y	Y	Y	Y	Y	Y	Y	0%		T	
							53%			
							0%			
							0%			
							54%			
							63%			

13 SDG targets in the focus of the Zumtobel Group

1.2.2.7 Initiatives, ratings & social commitment

UN Sustainable Development Goals

The Zumtobel Group actively supports the 17 Sustainable Development Goals (in short: SDGs), including the 169 subgoals. However, it is clear that not all of these 17 goals are equally relevant for the company. Their relevance for the Zumtobel Group was therefore reviewed, and the positive and negative effects on the relevant goals were analysed along the entire value chain. The purpose was to strengthen the positive effects and minimise the negative effects of our actions.

Thirteen goals have a clear connection with the business activities of the Zumtobel Group. The Zumtobel Group believes the following SDG goals are particularly relevant for its sustainable corporate activities and incorporates these goals in the implementation of activities and measures:

SDG goals with a relevance for improving well-being (more internal effects):

- >> SDG 3 Good health and well-being
- >> SDG 4 Quality education
- >> SDG 5 Gender equality
- >> SDG 8 Decent work and economic growth
- >> SDG 10 Reduced inequalities
- >> SDG 16 Peace, justice and strong institutions
- >> SDG 17 Partnerships for the goals

SDG goals with a relevance for resource security (more external effects):

- >> SDG 6 Clean water and sanitation
- >> SDG 7 Affordable and clean energy
- >> SDG 9 Industry, innovation and infrastructure
- >> SDG 11 Sustainable cities and communities
- >> SDG 12 Responsible consumption and production
- >> SDG 13 Climate action

UN Global Compact

In connection with its efforts on behalf of sustainability, the Zumtobel Group supports the principles of the world's largest initiative for corporate social responsibility (CSR) and sustainable development. The company joined the United Nations Global Compact in 2020 and thereby confirmed its intention to comply with the ten principles on human rights, labour standards, environmental protection and the fight against corruption. The Zumtobel Group and Tridonic are also members of RespACT, Austria's leading corporate platform for responsible business activity, where they are represented on the management board.

This commitment to responsible management was renewed in 2023/24 with our annual progress report (COP-Communication on Progress) based on the UN Global Compact and informs all relevant stakeholders of the activities and progress in implementing these ten principles. The current version of the progress report is available for download on the Zumtobel Group's sustainability website.

klimaaktiv Pakt 2030 for Austria

klimaaktiv Pakt 2030 was established as the successor to the klimaaktiv Pakt 2020 and is one of the most important CSR awards in this country. Twelve companies, including the Zumtobel Group, have voluntarily committed to developing and implementing individual climate protection concepts for the years up to 2030.

The Zumtobel Group joined the klimaaktiv Pakt 2030 in October 2021. The defined targets were met in 2023 with a 57% reduction in CO₂e emissions versus the 2015 base year.

The company also committed to submitting an annual report to the klimaaktiv Pakt office on the current status of target attainment and is working on continuous improvements to meet the targets by 2030 as best as possible.

Target achievement (Report June 2023)	Unit	Baseyear 2015/16	Reporting year 2023	Savings in %	Target Value 2030 in %
Greenhouse gas emissions (t CO ₂ e)	tons/a	5,032	1,924	62	50
Improvement of energy efficiency	weighted Index	100	76	24	14
Energy efficiency Schweizerstraße	kWh/piece	6.45	4.73	27	26
Energy efficiency Schmelzhütterstraße	kWh/m ²	3,266	561	83	78
Energy efficiency Tridonic	kWh/piece	0.59	0.61	(3)	(49)
Share of renewable energy	in %	54	75		73

Hotspot

As a participant in the HOTSPOT project carried out by klimaaktiv, the climate protection initiative of the Austrian Federal Ministry, and in close cooperation with the Austrian Energy Agency, the Zumtobel Group took part in a pioneering initiative to analyse Scope 3 emissions based on the GHGP and to identify the major sources of emissions and opportunities for reduction. The Zumtobel Group, as the project's pilot operation, contributed its expertise and experience to develop innovative approaches for the reduction of greenhouse gas emissions. The approaches developed by the Zumtobel Group to reduce GHG emissions were published on the klimaaktiv website, where they will serve as a source of inspiration for other companies.

Analysis of Scope 3 emissions

IPC – Association Connecting Electronics Industries

The technology brand Tridonic relies, among others, on its membership in IPC – the Association Connecting Electronics Industries – to remain on the leading edge of new and changed norms and guidelines for product reliability and standardisation as well as the latest insight into innovative solutions in the electronics industry. This platform is actively used as a source of information, above all on the requirements for the design and production of electronic components. It enables the fast processing of branch information and subsequent integration in corporate structures.

Sustainability performance in 2023/24 rated by EcoVadis

EcoVadis again evaluated the Zumtobel Group's sustainability performance in 2024. The company received a gold medal for the third year in succession and was also able to improve its overall score. This latest evaluation placed the Zumtobel Group in the top 2% of all rated companies (rank 98%). These results again place the Zumtobel Group in the upper 1% of the companies rated by EcoVadis in the electrical lighting and luminaire branch.

Participation in organisations, associations and committees

The employees of the Zumtobel Group actively participate in lighting industry organisations, associations and committees that develop standards, drive innovation and establish best practices. These platforms also serve as opportunities to exchange know-how and drive technological progress. Through this work, the Zumtobel Group not only benefits from the development of the lighting industry but also from a broad network of experts. Employees are delegated to all major committees along the value chain to cover the broadest possible range of activities. The commitment ranges from national associations to global organisations.

Following is a partial list of organisations with participation by Zumtobel Group employees:

- >> IEC – International Electrotechnical Committee
- >> ISO – International Standards Organisation
- >> CIE – International Commission on Illumination
- >> CEN – European Committee for Standardisation
- >> CENELEC – European Committee for Electrotechnical Standards
- >> Lighting Europe – company membership(European Union)
- >> ZVEI – Zentralverband Elektrotechnik- und Elektroindustrie e.V. (Germany)
- >> LIA – Lighting Industry Association (Great Britain)
- >> FEEI – Association for the Electrical and Electronics Industries (Austria)
- >> Lux Europe
- >> National lighting organisations (e.g. LTG, LiTG, SLG)
- >> ZHAGA consortium
- >> consortia on the subject of data exchange and communications technology (e. g. DiiA, Thread, Zigbee, Bluetooth, Matter, CSA)

1.2.2.8 Product responsibility

Management approach & due diligence processes

The Zumtobel Group's brands rely on different product development processes. Product development for the Zumtobel and Thorn lighting brands follows a specific process landscape in the areas of portfolio management, product and service development, the product lifecycle and customer-specific projects. The respective processes for Zumtobel and Thorn are documented in a knowledge database that is generally accessible. Portfolio management involves several levels beginning with the collection of product ideas and future issues to the description, selection and decision over the appropriate portfolio items, and transparent presentation of a roadmap. Product responsibility was reorganised in 2023/24 to safeguard the competitive product portfolio of luminaires and lighting solutions over the long term and to strengthen the Lighting Segment brands. Brand-specific portfolios form the focal points for defined brand and portfolio management for the two areas and are arranged in a roadmap together with product management. The stronger separation of the project management office (PMO) and research and development (R&D) for these brands helps to improve the efficiency of new and maintenance product development.

In the Zumtobel Group's Components Segment, product marketing is responsible for the development of hardware, software, system and service roadmap. Regular coordinating meetings take place between product marketing and R&D. Longer term development and technology activities are synchronised over joint product, development and technology roadmaps. The Business Foundry works closely with the technology area and stakeholders on the market to place future issues on the agenda at an early stage. The individual market segments are managed by a team of segment managers, product managers, solution architects and project portfolio managers. In that way, a comprehensive solution and system approach is followed. Product marketing is responsible for the management of the complete product lifecycle. The

project portfolio managers coordinate new developments together with the respective development locations.

Product development for all Zumtobel Group brands follows a multiple stage gate process, in which the gates are secured and reviewed after every phase based on specific checklists, quality and release criteria. The necessary releases, depending on the project classification, are presented to a steering committee and approved by key stakeholders.

The processes surrounding product responsibility in the Zumtobel Group are closely intertwined and coordinated by project managers. They are structured in steps and continuously developed and adapted to meet the current situation.

For all three brands, the PMO is responsible for processes related to the execution of development projects, including the respective monitoring and evaluation of economic feasibility.

Well-equipped internal and external laboratories examine the results for compliance with standards and the application fit and accompany both the development phase and entire lifecycle.

Competitors' products are regularly analysed for all of the Zumtobel Group's brands. Product concepts are discussed at an early stage with selected customers (so-called "lead users"), and customer-specific solutions are realised with leading architects, planners and business partners. Applications that receive comments or criticism from customers are examined on site to identify the source of errors, which are then eliminated through feedback loops.

Sustainable products & applications (material topic)

The Zumtobel Group's commitment to sustainability is closely related to the core business due to the important role played by energy-efficient, intelligently managed lighting technology in reducing worldwide resource consumption. This trend is underscored by the continuous increase in the efficiency (lumens/Watt, lm/W) of LED luminaires and a parallel decline in the cost of LED chips. However, the steady increase in efficiency will slow as the physical limits are reached in the coming years. Artificial lighting is currently responsible for roughly 13% of worldwide electricity consumption and will continue to decline by 2030 due to the use of state-of-the-art lighting solutions. Commercial buildings and outdoor lighting – which represent light in exactly those areas of application that form the core expertise of the Zumtobel Group – are responsible for a good two-thirds of this consumption. Most of the environmental impact of lighting is still caused by the energy consumption during use, but other issues like resource consumption and the circular economy are becoming more important. The Zumtobel Group has been working for many years to steadily improve the energy efficiency of its products while integrating sustainability aspects throughout the product lifecycle.

Sustainability is closely related to the core business

Calculation of energy efficiency

Artificial lighting converts energy into visible radiation and, in turn, into light. Energy efficiency, as a key indicator for the lighting industry, describes how much light (the light quantity in lumens) can be generated by one watt of electrical energy.

The total energy efficiency of all products sold during a reporting period shows the development of the sold product portfolio. This number is a purely physical measurement quantity and shows the potential for improvement independent of the service life of the sold products. The necessary global efforts to reduce CO₂e emissions combined with rising energy costs have made the issue of energy efficiency more relevant

than ever. Intelligently controlled, LED-based lighting solutions can realise significant energy savings compared with conventional lighting.

Energy efficiency in lm/W is calculated as the ratio of the total lighting output marketed during the reporting period (i.e. the number of luminaires multiplied by the rated luminous flux) with the total connected load (i.e. the number of luminaires multiplied by the rated connected load)

1.2.2.9 Innovation (material topic)

Intellectual property rights and patents

Strong patent portfolio and technology partnerships

Research and development (R&D) play an important role in the company's innovative strength. For the Zumtobel Group, a wide-ranging patent portfolio – also in the area of new technologies – is essential for maintaining a competitive advantage and ensuring access to strategic cooperation with other companies and the opportunity to conclude cross-licensing agreements with key market players.

In 2023/24, the Lighting Segment registered 60 patents (2022/23: 40) and the Components Segment 65 patents (2022/23: 65) which underscore the growing importance of intelligent components. The number of active commercial property rights – currently 8,966, including 4,151 patents – speak for the Zumtobel Group's exceptional innovative strength.

Number of patents	Unit	2019/20	2020/21	2021/22	2022/23	2023/24
Number of patents total	Number	4,846	4,820	4,875	4,568	4,151
Number of trademarks total	Number	8,379	9,027	9,260	9,134	8,966
Patents Lighting Brands	Number	75	49	35	40	60
Patents Components	Number	70	72	66	65	65

Synergy effects through platforms

Additional synergy effects were also realised during the past financial year through the increased use of product configuration and variant management and the continued development of component and product platforms for multiple product families. R&D expenses totalled EUR 72.7 million in 2023/24.

The expansion of technology partnerships is an important tool for protecting the competitive product portfolio. The Zumtobel Group's brand reputation and innovative strength is regularly demonstrated through participation in national and international research projects.

The focal points of R&D activities during the reporting year included, among others, new optical concepts for the direction of light, the roll out of the latest generations of LED control gears and LED modules as well as new operating concepts for LEDs. The acquisition of the Siteworx technology and its integration in the new Keyture product brand together with partnerships with Siemens and Enlighted for sensor-based lighting solutions are some of the highlights from the past financial year. The latter is characterised by a special focus on wireless solutions for the integration of environmental and presence sensors that make the monitoring of building usage possible via Bluetooth.

Research & Development	Unit	2019/20	2020/21	2021/22	2022/23	2023/24
Development costs	EUR million	59.2	61.8	63.4	63.4	68.0
Research expenditure	EUR million	3.5	3.0	4.1	4.4	4.7
R&D expenditure total	EUR million	62.7	64.8	67.5	67.8	72.7
in % of turnover	in %	5.5	6.2	5.9	5.6	6.5
R&D employees	FTE	551	563	538	533	532

Energy efficiency through light management systems

The increase in the efficiency of LEDs is slowing, but still requires platform concepts to manage material and process complexity as the basis for offering differentiated end products with a limited number of components that still provide high customer benefits. The efficiency of electronic luminaire components has reached the limits of today's technology. In contrast, a lighting management system that intelligently reacts to its environment through the lighting creates substantial opportunities for energy savings. The Zumtobel Group's Components Segment offers wireline and wireless system solutions for the intelligent management of individual luminaires up to entire building and road lighting equipment.

The easiest and most effective way to save energy – in addition to professional lighting – is to use intelligent lighting management with motion and daylight sensors. Time-based lighting controls can also ensure that the light produced at any time and at any location reflects the actual demand. Studies show that this saves up to 75% of lighting energy compared to non-dimmable lighting. Tridonic offers a broad portfolio of intelligent sensors for luminaires and ceiling installation that can be integrated in a lighting system or used as the main controls for a smaller system. Flexible solutions like Tridonic's sceneCOM evo wireline system as well as the basicDIM wireless system have intelligent functions and properties that contribute to minimising energy consumption in individual or across multiple systems. Standardised interfaces allow other systems like heating, cooling, jalousies etc. to interact with the lighting system and, for example, react to sensors. System data, e.g. from lumDATA-compatible LED drivers, are also available through a central interface. That helps to fully utilise the data-driven potential for lighting optimisation. Every luminaire delivers valuable information on its usage behaviour in real time, which leads to conclusions on opportunities for energy savings. The data can also be used to project future energy consumption.

The use of intelligent lighting management systems – wireline, wireless or as a hybrid combination of the two – are becoming increasingly important for a safe and sustainable future.

lumDATA supplies information on energy savings

Investigation and innovation of new and sustainable solutions

An important aspect of innovation is the investigation and innovation of new and sustainable solutions. Activities in this area during the past financial year included the following:

The studies of UVB light sources to **activate vitamin D**: Sunlight contains spectral components in the ultraviolet range (UVB) which are essential for the production of vitamin D. Since vitamin D can only be absorbed to a limited extent from food and many people spend most of their time indoors, these types of light sources could help to regulate vitamin D balance in the human body. This project is currently at the pre-study level to evaluate the potential for increasing human health. Preparations are currently in progress for the implementation in prototypes, which will then be demonstrated in real applications.

Regulation of vitamin D balance

Studies to extend product lifetime and **predictive maintenance** are dealing with the aging and failure mechanisms of LED drivers and light modules. The goal is to direct technological expertise to meet the needs of customers. The findings can be used to optimise the design of new luminaires and to help producers and users in deciding when to reuse, refurbish or recycle their products. A lifecycle indicator was introduced in 2023/24 which provides customers with information on the condition of an LED driver. This information forms the basis for using products more sustainably and to allow for a circular approach. Utilising such information represents an important step towards a more sustainable use of our products.

Predictive maintenance

Smart Outdoor Lighting with Sensor X was introduced at the world's leading Light + Building trade fair in 2024. This system uses AI and can distinguish between pedestrians, bicycles and vehicles in order to optimise outdoor lighting control based on the respective scenarios. This ensures a balance between energy savings and user safety. The sensor processes all data locally, allowing privacy to be protected. In addition to

Smart outdoor lighting with Sensor X – introduction at the L+B 2024

minimising energy consumption, the advantages include the elimination of image transmission, which minimises the carbon footprint and maximises the potential for energy savings.

Participation in EU-wide research projects

This cooperation is deepened at the EU level through various research projects. Examples include the PHABULOUS project, which was concluded in 2023/24 and led to the development of production processes for microstructures on freeform surfaces. Near-time application in one of the Zumtobel Group's projects is planned for 2025. As announced at the Light + Building trade fair, LED drivers with lifetime analytics functionality will be available beginning in autumn 2024. The required algorithms resulted, among others, from the AI-TwiLight project. The continuation of this project involves the development of digital twins for recording the aging process of LED light sources and electronic components.

1.2.2.10 Digitalisation & digital transformation (material topic)

The Zumtobel Group sees digitalisation as the intelligent, data-driven connection between people, data, processes and digital technologies as a means of creating added value for the company and its stakeholders. The vision of the Zumtobel Group is to drive the digital transformation in and beyond the lighting industry by digitalising all processes and maximising customer benefits. Through digitalisation, the Zumtobel Group wants to increase ("optimise & scale") process and resource efficiency as well as effectiveness along the entire value chain. Digital products and services also lead to new earnings and business models and contribute to sustainable corporate growth ("create").

Digital transformation in the Zumtobel Group is a strategic obligation for the entire corporation to facilitate the continuous and necessary cultural and technological change in order to benefit from digitalisation. The digital transformation strategy has four central directions of impact in which it affects the organisation:

- >> Customer centricity
- >> Operational effectiveness
- >> Employee experience
- >> Lighting & beyond

The digital transformation also plays a decisive role in supporting the sustainability goals of the Zumtobel Group, as demonstrated by the following examples:

- >> **Energy management:** The digital transformation contributes to the reduction of CO₂e emissions through the monitoring and optimisation of energy consumption from production processes by the Group and by customers.
- >> **Data analysis and resource management:** The digital recording and analysis of data makes it possible for the Zumtobel Group to effectively follow, optimise and transparently communicate its sustainability goals. This can range from the optimisation of supply chains to the monitoring of energy consumption in its buildings.
- >> **Urban sense and dark sky:** Intelligent lighting solutions minimise light pollution and, consequently, also protect the nighttime environment.
- >> **Smart products and services:** The future of lighting lies in intelligent, integrated system solutions. The Zumtobel Group develops products equipped with sensors which can detect their surrounding environment. Lighting systems can then, for example, react automatically to the time of the day or the presence of persons (Human Centric Lighting).
- >> **Innovation and research:** The Zumtobel Group invests in research and development to find innovative solutions that improve ecological as well as economic sustainability. New technologies like artificial intelligence, the Internet of Things and Blockchain have substantial potential.

Particular highlights in the context of “lighting & beyond” are the Zumtobel Group’s new **Keyture** product brand and the Zumtobel Group’s strategic ecosystem partnership with Siemens and **Enlighted**.

Keyture

The Zumtobel Group’s Keyture product brand, which was introduced at the world’s leading Light + Building trade fair, is a new cloud-native connectivity and IoT ecosystem. It offers intelligent key functions that supplement the full potential of Thorn and Zumtobel luminaires for the decarbonisation of buildings and the creation of cost-efficient and intelligent building operations. This modular, multifunctional software suite is based on intelligent sensors and covers solutions to maximise energy reduction, to collect the necessary information for maintenance and the monitoring of sustainability goals, to optimise room use in real time, to identify and track objects, and to monitor environmental and operational quality. The focal point here is on applications in “Industry & Retail”.

The Keyture product brand will be available for the Zumtobel Group’s customers starting in calendar year 2025 and will form the core portfolio for smart building solutions. The Zumtobel Group acquired the rights to the SiteWorx IoT software developed by Digital Lumens (with exclusive rights for Europe) in autumn 2023 and has successfully integrated it in the product offering for its smart building solutions.

New cloud based IoT brand: Keyture

Partnership with Siemens

The future focus on IoT underscores the ecosystem partnership signed in February 2024 by the Zumtobel Group with Siemens and Enlighted. The goal of this strategic partnership is to bundle the know-how for intelligent buildings and to jointly offer innovative solutions. The main focus is on the following application areas: commercial buildings, universities and intelligently managed hospitals.

Cybersecurity

As part of its commitment to sustainability, the Zumtobel Group recognises the decisive role played by cybersecurity in the digital age. This approach goes beyond conventional IT security and also covers the protection of production systems and products. The background is formed by relevant legal frameworks and intentions, including the NIS2 Directive, the Cyber Resilience Act, the EU Data Act and the EU AI Act.

NIS2 Directive
Cyber Resilience Act
EU Data Act
EU AI Act

The Zumtobel Group’s security strategy emphasises “security by design” and “security by default” to ensure that security aspects are integrated in business activities. Employees receive training to create a greater awareness for cybersecurity and to promote a culture of vigilance and responsibility.

The Zumtobel Group is convinced that a secure digital environment is essential for sustainable growth, continuous innovation and the long-term confidence of its customers. Through the protection of systems, products and data, the company contributes to a resistant and secure future.

1.2.3 ENVIRONMENT

THE BEST ANSWER TO CLIMATE CHANGE: CHANGE.

Environmental protection (material topic)

Management approach & due diligence processes

Environmental protection is an essential element of the integrated management system. The Zumtobel Group's environmental management concept is based on three elements:

- >> Environmental and energy management systems that are certified under the international ISO 14001 and ISO 50001 standards
- >> Strict compliance with internal and external environmental protection guidelines
- >> Efforts to continuously improve the company's environmental and energy-related performance

Quality Austria, an accredited certification partner, confirms the Zumtobel Group's use and continuous improvement of effective environmental and energy management systems by issuing ISO 14001 and ISO 50001 certificates. The main goals of this integrated management system are to improve environmental performance, to meet the goals for the reduction and prevention of negative effects on the environment, and to ensure compliance with legal, governmental and voluntary obligations.

The principles and goals of environmental protection are anchored in the Zumtobel Group's environmental policy, which serves as a guideline for all employees to improve the sustainable use of resources in their everyday actions. At every location, top management – with the assistance of local environmental management officers – is responsible for providing sufficient resources for the attainment of environmental goals. Global process owners ensure compliance with all requirements of the ISO standards and binding obligations in their business processes.

A context analysis is carried out annually at all production locations locally as well as globally for the Lighting Brands und Tridonic to identify the major internal and external issues, stakeholder requirements, and related opportunities and risks. The assessment of these opportunities and risks and the prioritisation of issues is followed by the definition, planning and implementation of measures. This ensures the attainment of environmental and all other corporate goals. The global quality organisation, which is responsible for the integrated management system and, in turn, for the environmental and energy management systems, defines the framework and assists with the strategy implementation.

Environmental goals are defined on a global basis and then broken down to the individual Zumtobel Group locations. Progress is monitored with transparent, periodical and global reporting based on the standards set by the Global Reporting Initiative. The most important indicators for this reporting are energy consumption, CO₂e emissions, water consumption, waste and the recycling rate. Absolute values as well as output-based statistics are provided because the volume of the produced products has a major influence on the Zumtobel Group's environmental and energy-related performance. Environmental performance is monitored and evaluated locally at each location and also by the global quality organisation and the Management Board. This procedure allows for the early identification of variances and the definition and implementation of countermeasures.

The data for the environmental and energy indicators are based on supplier information and invoices, and final data are, in part, only available after the publication of the sustainability report. Therefore, there are minimal variances between the indicators in the last sustainability report and the indicators in the final environmental and energy report.

Clearly defined procedures and processes as well as established methods help to ensure that the best available materials and techniques are used where appropriate and economically feasible. Moreover, the development of products and services covers the entire lifecycle from the selection of materials to the required technologies, production, transportation, use and recycling.

In addition to quality and lean management, the environment, energy, and health and safety at work are key focal points for the global production network. The continuous improvement process in the production network (global operations) defines clear standards and helps the Zumtobel Group to effectively and efficiently use the available resources and meet the high expectations and demands of customers. The environment and energy are also becoming increasing important issues for customers and are frequently a central factor for the product selection process. Continuous improvement involves the optimisation of production and the underlying processes as well as the responsible use of resources and raw materials.

Other important elements are the responsible use of raw materials and resources. Energy efficiency, the protection of employees' health, and efforts to prevent the negative influence of processes on the environment represent additional focal points for continuous optimisation.

The Zumtobel Group not only stands for the continuous improvement of supply chain processes, but also for the continuous improvement of its own business processes, products and services. Procedures have been implemented to identify and evaluate opportunities for improvement as regards the environment, energy, safety and health at work, and quality. The identified opportunities are recorded, documented in structured form and subsequently addressed.

These opportunities are recorded in action programmes, documented in structured form and handled. The effectiveness and further development of the integrated management system are ensured by regular internal and external audits, management reviews, strategic improvement projects, and continuous improvement activities.

Competence and awareness

The employees responsible for the maintenance and continuous improvement of the environmental and energy management systems have corresponding training, which is verified annually as part of the employee reviews. The Zumtobel Group wants to create a greater awareness among all employees for the environment and the responsible use of resources. Employee awareness for the importance of environmental protection is emphasised in numerous communication channels.

Introductory folders and welcome training for new staff, info screens in the break-time areas and Intranet websites that are available to all employees provide wide-ranging information on a variety of environmental issues. Supervisors and environmental protection officers regularly train and instruct employees on the environmental effects and issues which are relevant for their specific responsibilities. In addition, employees are informed of environmental projects planned and implemented throughout the entire Zumtobel Group.

Activities in 2023/24 again focused on the issues of waste and energy consumption. Employees received training on the major, high volume non-renewable materials used in production. Appropriate steps were also taken to create a greater awareness among employees in areas with significant energy consumption.

ISO-Zertifikat	ISO 9001:2015	ISO 14001:2015	ISO 45001:2018	ISO 50001:2018
Head Office Dornbirn, AT	×	×	×	×
Lighting Brands Dornbirn, AT	×	×	×	×
Lighting Brands Lemgo, DE	×	×	×	×
Lighting Brands Spennymoor, UK	×	×	×	×
Lighting Brands Niš, RS	×	×	×	×
Lighting Brands Les Andelys, FR	×	×	×	
Lighting Brands Highland, US		×		
Components Dornbirn, AT	×	×	×	×
Components Niš, RS	×	×	×	×
Components Spennymoor, UK	×	×	×	×
Components Shenzhen, CN	×	×		
Share of certified European locations in %	100%	100%	100%	98%
Share of all certified locations in %	91%	100%	82%	73%
total	10	11	9	8

 New certifications

1.2.3.1 Climate-relevant risks/opportunities & impact

The Zumtobel Group systematically analyses climate-related risks. A differentiation is made between two categories of risks: the physical risks resulting from the expected climate change and the transition risks resulting from the transformation to a low CO₂ economy.

Physical risks

A climate risk and vulnerability assessment was prepared for all lighting and components plants in connection with the EU Taxonomy and European Sustainability Reporting Standards (ESRS). All current potential environmental conditions that could influence the Zumtobel Group were evaluated at each location, previously implemented measures were reviewed and new measures were defined where necessary. Environmental conditions that could influence the Zumtobel Group in the future were also

evaluated based on two climate scenarios (Representative Concentration Pathways 4.5 and 8.5; scenarios that outline long-term climate changes).

At the time this report was prepared, the evaluation of the Group's locations did not identify any notable risks. The increased intensity of precipitation, flooding and hailstorms currently represent low potential risks that are also covered by insurance. These risks are addressed through appropriate measures, whereby the potential effects of damage to assets and the interruption of procurement or production were also considered. All ISO 14001 certified locations have prepared a hazard prevention plan which includes procedures to manage climate and other risks.

An analysis of climate scenarios showed an increase in the number of heat waves, potential dry periods and an increase in the number and intensity of extreme weather events, but did not identify any major risks or need for short-term actions. The analysis of the physical risks at all locations showed that the Zumtobel Group is only marginally affected by climate change.

Transition risks

Political and legal developments have led to an increase in reporting and disclosure requirements that has been accompanied by stricter legislation, e.g. on the reduction of emissions. These developments were proactively included and assessed in the context and impact analysis of the management system and followed by the timely implementation of appropriate measures. Goals were formulated to reduce emissions, and reduction measures to reach net-zero were defined and implemented.

In the context analysis, the Zumtobel Group identified the competitive ability of its products with regard to sustainability as a potential technological risk. The product development process therefore includes tools like the lifecycle assessment and Circular Design Rules to provide customers with sustainable and highly energy efficient products and services as well as product-related information like environmental product declarations.

Other potential risks result not only from market trends but also from customer demands for environmentally friendly products and services and the inclusion of a company's sustainability performance in purchase decisions. In addition to expanding the offering of energy-efficient products and sustainable services, the Zumtobel Group follows a strategy that is designed to continuously develop and improve its sustainability performance along the entire value chain.

A company's reputation can be potentially damaged when products and services are not sustainable or are perceived as not sufficiently sustainable. Communication that is not credible and fact-based can lead to a loss of confidence. Consequently, the Zumtobel Group places high priority on fact-based communications over sustainability and environmental issues. The environmental impact of products is systematically documented by independent, validated environmental product declarations. The progress made by the Zumtobel Group in improving its sustainability performance is visible, for example, in the external EcoVadis rating. In the transition to a low CO₂ economy, the potential risks are contrasted by substantial opportunities – and the Zumtobel Group is optimally positioned to utilise these opportunities

Climate risk and vulnerability assessment

Fact-based communication on sustainability and environmental issues

**Environmental matrix
also covers taxonomy
requirements**

Environmental aspects at the Group level

The most important environmental aspects related to products and activities have been identified for all production locations that are certified under ISO 14001. Other, unrelated conditions and predictable emergency situations are also included. The evaluation of opportunities and risks forms the basis for the development of measures to minimise the effects of the environmental factors.

The value-creating business processes and all downstream and upstream processes in the Zumtobel Group's environmental matrix were updated in 2023/24. The matrix was also modified to meet the requirements of the European Sustainability Reporting Standards.

This matrix is used to derive the most important direct environmental factors for the production locations, e.g. electrical current, CO₂e emissions, liquid and fossil fuels, raw materials and packaging. The major processes with the greatest environmental impact are automated production (soldering processes, automated assembly), plastics processing, coating and metal processing. The upstream processes with the greatest environmental impact are the procurement of raw materials and packaging, the transport of goods and travel by employees to and from work, and here the environmental aspects related to fossil fuels and CO₂e emissions are significant. The main downstream processes involve the use of the sold products with electricity as the significant environmental aspect. The end-of-life handling of the products is another relevant factor; whereby the resulting waste is important.

Environmental conditions and their potential negative impact on the Zumtobel Group's production locations are identified and regularly examined as part of the context analysis in the environmental management systems. Current potential effects are considered, and steps are taken to reduce any adverse effects.

**Over 5,000 EPDs
available for the
Zumtobel Group**

Environmental product declarations (EPD)

Environmental product declarations (EPDs) are classified as Type III and issued on the basis of ISO 14025 and lifecycle assessments (LCA) according to ISO 14040 and ISO 14044. They provide all relevant environmental effects to customers and partners in a transparent and neutral form. These declarations cover the entire lifecycle: from raw material extraction to production, transportation, installation and operation in buildings up to the end of the service life with recycling and disposal possibilities. The reported environmental indicators include, among others, greenhouse gas effects, destruction of the ozone layer, the over-fertilisation of soil and acidification of water.

IBU (Institut für Bauen und Umwelt) serves as the programme operator for EPDs in the Zumtobel Group. Environmental product declarations must therefore be prepared in accordance with EN 15804 (Sustainability of construction works - Environmental product declarations - Core rules for the product category of construction products) and the IBU product category rules (PCR) for lighting and luminaire components. EPDs must be verified by an independent party before release. This verification is organised by the EPD programme operator and carried out by independent (re)verifiers. The wide variety of the Zumtobel Group's products and the continuous expansion of the product portfolio led to the introduction of a system in 2011 which automatically generates EPDs for the products in the Tridonic, Thorn and Zumtobel brands – and after the conclusion of reverification – also for ThornEco.

Renewed verification under the new EN15804 +A2 was one of the focal points for upgrading the Zumtobel Group's EPD system in 2023/24. Following the planned conclusion of an audit at the end of the reporting year, the EPD system is not only state-of-the-art but also reflects the format defined by IBU. The Zumtobel Group's EPDs now appear in the typical IBU layout. Based on these recurring verifications, over 5,000 EPDs have been prepared since the system was introduced. They create added value for the customers and partners of the Zumtobel Group.

EPDs can be used in many different ways. Internally, they flow into development to continuously improve products from the viewpoint of the lifecycle assessment and to enable the evaluation of products with the internal tools that represent part of the Circular Design Rules.

The age of digitalisation has not stopped at environmental product declarations, a situation that is reflected in a standard digital EPD (ILCD+EPD) co-developed by IBU. This digital EPD twin ensures that all EPDs are prepared according to the same format and enable the use of suitable software tools for further processing. Central databases with digital EPDs are currently available and include, among others [IBU.Data](#), [ÖKOBAUDAT](#) and [Eco Platform](#). The Zumtobel Group is currently working on the implementation of a digital EPD based on ILCD+EPD, which will then be integrated in these databases. This data also creates a basis to determine the emissions from purchased goods according to Scope 3 of the Greenhouse Gas Protocol (GHGP).

Goal attainment in 2023/24

In line with the management process, environmental goals for the coming financial year are based on the context analysis and a review and adjustment of the strategic focus and strategy. The indicators and improvement measures are monitored in monthly environmental review meetings, and a management review at the end of each financial year studies and analyses the goal attainment and, if necessary, identifies optimisation measures. Most of the goals defined by the environmental and energy programmes were met in 2023/24.

The goal to retain certification under ISO 14001 and to implement ISO 50001 certification for the production facilities was met. The Zumtobel Group successfully passed all external audits without any variances. The lighting plant in Niš as well as the components plant in Niš were successfully ISO 50001 certified. Environmental and energy reporting was again prepared according to GRI standards in 2023/24. Data is collected monthly, and the indicators are monitored by the local organisations together with the Global Quality department as part of the monthly management review.

All plants, together with Global Quality and the Management Board, monthly present data on their environmental and energy-related performance as well as current actions for improvement. These meetings strengthen the focus on environmental issues as well as the transfer and expansion of best practice approaches within the Zumtobel Group.

- >> **Emissions** – A further step was taken during the reporting year towards Net-Zero. The goal of 9,950 tonnes CO₂ was achieved and CO₂e emissions were reduced by 9% compared with the previous year.
- >> **Renewable energy** – The share of renewable energy was increased from 59% to 60.5%, the target of 62% therefore was not completely met.
- >> **Waste** – The goal to reduce the total volume of waste was met. The lighting plants and the components plants met their goals in both absolute and relative terms based on produced volumes. The goal to reduce the waste from non-renewable materials in production was even exceeded.
- >> **Recycling rate** – The recycling rate equalled 91.02% in 2023/24, therefore the target of 92% was not met.

A detailed evaluation of the individual indicators is provided under the respective subjects.

Environmental goals for 2024/25

The Zumtobel Group has set the following environmental goals for the 2024/25 financial year based on its strategic orientation to become net-zero by 2050:

- >> Reduction of CO₂e emissions to at least 9,500 t
- >> Increase in the share of renewable energy to 65%
- >> Energy consumption of less than 82,000 MVWh
- >> Waste volume of less than 5,170 tonnes
- >> Reduction of the production waste volume of non-renewable materials in relation to material consumption to 9.1%
- >> Non-recyclable waste volume of less than 426 tonnes
- >> Maintaining the existing ISO 14001 certification and ISO 50001 certification of the production sites

1.2.3.2 Climate change mitigation (material topic)

Greenhouse gas emissions were identified as one of the material environmental factors for the Zumtobel Group, and their reduction has had high priority for many years. Greenhouse gas emissions result from both energy consumption and the specific energy sources.

CO₂ equivalents for the various energy sources used by the Zumtobel Group are evaluated, verified and documented at regular intervals. Production processes and the downstream and upstream processes make CO₂ the significant greenhouse gas for the Zumtobel Group and, accordingly, the focus was placed on the reduction of CO₂e emissions. In accordance with the requirements of the Science Based Target initiative (SBTi), the Zumtobel Group wants to reduce Scope 1 and 2 CO₂e emissions by 65% compared to the 2020/21 base year by 2030 and to reach net-zero by 2050.

In order to reduce Scope 1 and Scope 2 greenhouse gas emissions, the reduction of these emissions continues to be a focal point for the production and administrative locations as well as the vehicle fleet.

The goal is to continuously reduce emissions along the entire value chain in agreement with the SBTi requirements. In connection with SBTi, Scope 3 CO₂e emissions were reduced by 42% compared to the (new) reference year 2022/23.

GHG gross emissions along the value chain

The Zumtobel Group measures greenhouse gas emissions according to a standardised process based on the GHG Protocol. This creates a better understanding of the entire emission profile, identifies opportunities for reduction and increases the focus on measures to realise the greatest reductions. Compliance with this standard is decisive for the Zumtobel Group to develop a comprehensive climate protection strategy and achieve a positive influence on the environment. The Zumtobel Group has submitted its documentation to the Science Based Target initiative as a means of externally verifying this goal.

The Zumtobel Group uses emission factors from various sources. These factors are reviewed annually to ensure they remain up to date.

Direct GHG emissions (Scope 1)

The Zumtobel Group uses natural gas for the production processes of heating and coating. The company vehicles and emergency power generators operate with liquid fossil fuels. Various refrigerants are also used in the cooling systems. The 2021/22 financial year was defined as the reference year because the full scope of data on the production locations has been recorded since that time.

The applied emission factors are provided by the suppliers. The direct greenhouse gas emissions in tonnes equal the energy consumption in MWh multiplied by the relevant emission factor in tonnes per MWh.

Scope 1 CO₂e emissions totalled 7,451 t in 2023/24, which means an absolute reduction of 6% below the previous year (7,892 t).

Indirect GHG emissions (Scope 2)

Electricity is the largest energy carrier in the Zumtobel Group and, consequently, has a substantial influence on Scope 2 emissions. Biogenic generated district heat is used primarily for heating and is now also used for pre-treatment in the coating process. The emission factors are provided by the energy suppliers. All production sites in Europe use 100% electricity from renewable energy sources for which they have a corresponding certificate from their electricity suppliers.

Scope 2 CO₂e emissions totalled 2,129 t in 2023/24, which represents an absolute reduction of 19% compared with the previous year (2,644 t).

Scope 1 emissions
 continuously reduced

Scope 2 emissions
 reduced by 19%

Scope 1&2 emission	Unit	2019/20	2020/21 ¹	2021/22 ²	2022/23	2023/24	2023/24 ³
Scope 1	tCO₂e	4,295	9,285	9,064	7,892	7,451	7,459
Oil	tCO ₂ e	0	0	0	0	0	0
Diesel	tCO ₂ e	N/A	93	93	19	134	134
Natural gas	tCO ₂ e	4,248	5,099	4,920	4,150	3,877	3,884
Fugitive emissions	tCO ₂ e	47	142	100	80	238	238
Motor vehicle pool	tCO ₂ e	N/A	3,499	3,499	3,353	3,202	3,202
Scope 2	tCO₂e	17,486	14,586	4,698	2,644	2,129	11,736
Electricity	tCO ₂ e	17,066	14,098	4,485	2,583	2,076	10,355
Photovoltaics (100% own use)	tCO ₂ e	0	0	0	0	0	58
Local/district heat (biomass)	tCO ₂ e	85	93	86	61	53	833
Local/district heat (supplier mix)	tCO ₂ e	335	395	127	0	0	490
Scope 1 & 2 total	tCO₂e	21,781	23,871	13,762	10,536	9,580	19,195

¹ New base year for assessing future consumption trends; the data not yet recorded when the 2020/21 report was prepared was subsequently added.

² The forecast data still partially used when preparing the 2021/22 report has been replaced by actual data.

³ These figures are based on a location-based calculation method, all others are based on a marked-based calculation.

**Reporting for 11
 Scope 3 categories**

Other indirect GHG emissions (Scope 3)

The upstream emissions include values for seven categories. Purchased goods and services comprise all product and non-product related goods and, as expected, represent the largest share of upstream emissions at over 90%. Downstream emissions also include the data for transportation and distribution as well as investments. Recording currently covers all relevant categories for the Zumtobel Group. Based on the Zumtobel Group's products, the emissions resulting from the "use of sold goods" are responsible for over 90% of total emissions.

The methodology was improved to increase transparency and data precision. Factors from recognised sources and databases were used to calculate the emissions. Examples include the SPHERA LCA database von, the World Resources Institute (WRI) and the Environment Agency Austria.

Other Scope 3 ¹ emissions	Unit	2019/20	2020/21	2021/22	2022/23 ³	2023/24
Upstream Scope 3 emissions	tCO ₂ e	N/A	661,810	837,070	686,320	504,470
3.1 purchased goods and services	tCO ₂ e	N/A	633,000	808,000	475,000	475,000
3.2 capital goods	tCO ₂ e	N/A	1,900	2,200	2,000	2,000
3.4 transportation and distribution ²	tCO ₂ e	N/A	8,400	8,400	9,500	9,500
3.5 waste generated in operations	tCO ₂ e	N/A	710	670	670	670
3.6 business travel	tCO ₂ e	N/A	4,400	4,400	4,200	4,200
3.7 employee commuting ²	tCO ₂ e	N/A	4,600	4,600	4,300	4,300
3.8 leased assets ²	tCO ₂ e	N/A	8,800	8,800	8,800	8,800
downstream scope 3 emissions	tCO ₂ e	N/A	4,956,300	4,539,500	5,359,100	4,149,080
3.9 transportation and distribution ⁴	tCO ₂ e	N/A	N/A	N/A	350	350
3.11 processing of sold products	tCO ₂ e	N/A	4,924,000	4,499,000	4,118,000	4,118,000
3.12 end-of-life treatment of sold products	tCO ₂ e	N/A	32,300	40,500	30,700	30,700
3.15 investments ⁴	tCO ₂ e	N/A	N/A	N/A	30	30
Scope 3 total	tCO ₂ e	N/A	5,618,110	5,376,570	6,045,420	4,653,550

¹ Rounding rules: 2/3-digit numbers rounded up to the nearest 10, 4/5-digit numbers rounded up to the nearest 100, all larger numbers rounded up to the nearest 1000.

²Values for 2020/21 were taken from the following year.

³Base year for assessing the emissions trend for Scope 3.

⁴ In the 2023/24 reporting year, two new categories were determined in the course of the SBTi submission for emissions.

Intensity of GHG emissions (Scope 1 & 2)

Actual greenhouse gas emissions are exclusively related to energy consumption and the type of energy used. Therefore, the intensity of the greenhouse gas emissions is calculated similar to the energy intensity indicator based on the total greenhouse gas emissions per 1,000 units produced or sold. Total emissions (Scope 1 & 2) correspond to the greenhouse gas emissions from process and heating energy at the production locations as well as the emissions from the motor vehicle pool and administrative locations.

The intensity of greenhouse gas emissions (Scope 1 and 2) in the Zumtobel Group equalled 0.226 t per 1,000 units in the financial year 2023/24. Due to the lower volume of production in the components plants, the 2022/23 goal of 0.213 per 1,000 units was not completely met. The intensity in the lighting plants declined from 0.439 to 0.395 t per 1,000 units, which results in a reduction of 10%. The intensity in the components plants equalled 0.073 t per 1,000 units (year 2022/23: 0.072).

Reduction of greenhouse gas emissions

A further step towards Net-Zero was made in 2023/24. Various continuous improvement projects and a focus on energy savings, above all heating energy and the process energy required for laminating, were responsible for an absolute year-on-year reduction of 956 t, representing a reduction of 9%, in Scope 1 and 2 greenhouse gas emissions in the reporting year. In comparison with the 2020/21 reference year, the absolute reduction equalled 14,291 t and the percentage reduction 60%.

The measures described in the section on “renewable energy” also contribute to the reduction of greenhouse gas emissions. Further contributions to the reduction of greenhouse gas emissions are reported under “reduction of energy consumption” and related to natural gas as an energy carrier. Additional activities and measures to reduce greenhouse gas emissions are listed below.

Projects and continuous improvement

Lighting plant in Dornbirn, AT:

- >> Analysis to expand photovoltaic equipment; analysis of the electrification of the dry-off oven and the curing oven in the powder coating aggregate.

Lighting plant in Lemgo, DE:

- >> Analysis of an electrification or hybrid solution (natural gas and electricity) for the dry-off oven, the wet paint dry-off ovens for hand painting and the wet painting aggregate; planning for the substitution of district heat for natural gas in the ventilation equipment for the painting aggregate.

Lighting plant in Les Andelys, FR:

- >> Installation of a charging station for e-vehicles; reduction of the pre-processing temperature in der for degreasing in the powder coating aggregate; conclusion of a one-year contract for biogas.

Lighting plant in Niš, RS:

- >> Recovery of the compressor heat from warm water processing; optimisation of compressor loads.

Lighting plant in Spennymoor, UK:

- >> Project to reduce natural gas consumption in the powder coating aggregate: reduction of the size of the curing oven, optimisation of the thermal efficiency of the curing oven, new efficient gas burners, increase in the number of air nozzles in the drying oven, completion in June 2024.

Lighting plant in Highland, US:

- >> Introduction of low-temperature coating powder made from recycled plastic bottles, the curing temperature can be reduced by 10 degrees Celsius; conversion of the pre-treatment for degreasing in the powder coating process to a cold water system

Components plant in Dornbirn, AT:

- >> Installation of an energy efficient cooling aggregate with fresh air cooling > 6° Celsius and refrigerants with very low global warming potential.

Continuous reduction of greenhouse gas emissions

Components plant in Niš, RS:

- >> Finalisation of project for the recovery of compressor heat and use in warm water processing.

Components plant in Shenzen, CN:

- >> Increase in share of renewable energy from 26% to 29%; analysis of options to further increase the share of renewable energy.

Components plant in Spennymoor, UK:

- >> Replacement of old warm water heater with new energy efficient equipment that has low NOx emissions.

Administrative buildings CIT Schmelzhütterstraße + Höchsterstraße in Dornbirn, AT:

- >> Installation of a charging station for e-vehicles; optimisation of pump controls for heating.

1.2.3.3 Energy & renewable energy (material topic)

Energy consumption is an important environmental aspect for the Zumtobel Group, whereby the focus is placed on the energy consumption that can be directly influenced. Production is responsible for the highest energy consumption and, consequently, the improvement of energy consumption and the use of renewable energy are essential issues for all producing locations. The largest locations in the Zumtobel Group, i.e. eight of the eleven plants, also operate with certified energy management systems. The goal of an energy management system under ISO 50001 is to continuously improve a company's energetic performance and, in this way, reduce greenhouse gas emissions, energy costs and other relevant effects on the environment.

Energy-related performance is defined as the result of efficient energy use, appropriate energy use and energy consumption. An energy management system provides a structured approach to identify savings opportunities and to develop and evaluate improvement measures. The continuous implementation of these energy efficiency measures helps to ensure the efficient use of energy.

Energy consumption inside the organisation

Energy consumption data is collected monthly from all production locations in the Zumtobel Group. The use of heating and process energy is based on real-time consumption as calculated by the respective suppliers. The energy consumption of the Zumtobel Group's motor pool is based on the tanked litres of fuel/kilowatt hours of electricity used by the vehicles.

The major energy consumers in the lighting plants are the plastic injection moulding machines, coating equipment, cooling aggregates and the generation of space heat. Since the proportion of plastic in the luminaires is growing and specific colours and durable coating are increasingly requested by customers, the related energy consumption is rising due to the greater use of these technologies. In the components plants, the soldering and hardening processes are the greatest energy consumers. These significant energy users are recorded and analysed in the energy management system and are a focal point for the implementation of improvement measures. Most of the energy in production is used in Europe (93%).

Energy consumption totalled 83,323 MWh in 2023/24. Compared with the previous year (87,178 MWh), that represents an absolute reduction of 4%.

Energy consumption	Unit	2019/20	2020/21 ¹	2021/22 ²	2022/23	2023/24
Process energy	MWh	59,591	66,457	69,584	65,134	61,425
Electricity	MWh	48,260	50,885	51,455	48,898	46,282
Electricity from photovoltaics (100% own use)	MWh	N/A	319	1,231	1,266	1,164
Diesel (Emergency power / sprinkler aggregate)	MWh	N/A	70	366	58	403
Process heat (natural gas)	MWh	10,316	14,013	15,455	13,915	12,567
Local/district heat (supplier mix)	MWh	399	478	436	522	898
Local/district heat (biomass)	MWh	616	692	641	475	111
Heating energy	MWh	15,268	16,860	16,012	11,683	12,209
Thermal heat (natural gas)	MWh	9,597	10,490	10,097	7,014	6,290
Local/district heat (supplier mix)	MWh	2,061	2,423	2,255	1,768	1,669
Local/district heat (biomass)	MWh	3,610	3,947	3,660	2,901	4,250
Motor Vehicle Pool	MWh	N/A	13,849	13,849	10,361	9,689
Energy total	MWh	74,859	97,166	99,445	87,178	83,323

¹ New base year for assessing the future development of consumption; the data not yet recorded when the 2020/21 report was compiled was added later.

² The forecast data still partially used in the preparation of the 2021/22 report was replaced by actual data.

Energy consumption outside the organisation

The major environmental aspects are identified along the value chain and across the entire product lifecycle. The related data are collected and, where necessary, translated into energy consumption. The necessary conversion factors are drawn from various sources like myClimate, World Resources Institute or the Sphera LCA environmental database. These calculated values show the influence of the processes on energy consumption.

In addition to improving data collection, actions in this area concentrate on reducing the amount of energy used. Increasing the energy efficiency of luminaires, LED modules and LED drivers has the greatest influence on total energy consumption. The improvement of total energy consumption is discussed in the paragraph "reduction of energy consumption for products and services".

Energy intensity (Scope 1 & 2)

Since the number of produced luminaires and components has a significant influence on total energy consumption, energy-related performance is based on the following indicator: total energy consumption within the organisation/1,000 sold and/or produced units. Total energy consumption within the organisation for the calculation of energy intensity includes process and heating energy as well as consumption by the motor pool.

Energy intensity in the Zumtobel Group during the 2023/24 financial year equalled 1.963 MWh per 1,000 units. Energy intensity deteriorated by 6% in the components plants due to the decline in production, but improved by 3% in the lighting plants.

Reduction of energy consumption (Scope 1 & 2)

The components plants recorded a year-on-year reduction of 12% in energy consumption, which resulted from a decline in the production volume. Energy consumption per 1,000 units increased slightly from 0.366 to 0.389 MWh.

In the lighting plants, energy consumption was reduced by 2%. Energy consumption per 1,000 units improved from 6,609 to 6,411 MWh. The improvement in energy performance versus the new reference year 2020/21, which is required by ISO 50001, was also met.

The measures implemented in 2022/23 to deal with the sharp rise in energy prices that was triggered by the Ukraine conflict generally continued in 2023/24 and were also integrated in the continuous improvement process. Energy prices remained high throughout the reporting year and had a significant influence on costs at all Zumtobel Group locations. Energy consumption as a material environmental topic remains a focus issue.

Energy consumption in the office buildings and in production was cut to a minimum over weekends and on all other work-free days. The base energy load was reduced to the optimal minimum at all producing locations.

Office areas and production halls are optimally heated and lit during working days/hours. The energy consumption for heating was held near the unusual 2022/23 level and reduced by 28% compared to the 2020/21 reference year. In addition to numerous energy savings measures, the milder winter made an important contribution.

Projects and continuous improvement

Lighting plant in Dornbirn, AT:

- >> Conversion of the curing oven for injection moulding; individual control of each chamber; reduction of pre-heating time from 24h to 3h; replacement of four old injection moulding machines with new energy efficient equipment; optimisation of batch sizes, standstill times for injection moulding; optimisation of base energy load on standstill days, nighttime shutdown of advertising lighting.

Lighting plant in Lemgo, DE:

- >> Replacement of old pressure generators with two new energy efficient machines; optimisation of load profile for pressure supply; installation of LED lighting in the injection moulding area.

Lighting plant in Les Andelys, FR:

- >> Installation of speed controls on the motors in the powder coating aggregate; no production on older machines; installation of LED lighting in the production hall; installation of SMART metres for gas and electricity; automatic shutdown of electricity and ventilation during production-free times.

Lighting plant in Niš, RS:

- >> Successful introduction and certification of an energy management system under ISO 50001; installation of sensors for temperature control; definition of optimised shutdown times for injection moulding machines; continuous improvement measures in all significant energy user (SEU).

Lighting plant in Spennymoor, UK:

- » Further optimisation of the energy base load on standstill days; increase in the temperature from 19° to 22° Celsius in the IT server room; continuous improvement measures in all significant energy user (SEU).

Lighting plant in Highland, US:

- » Successful introduction and certification of an energy management system under ISO 14001.

Components plant in Dornbirn, AT:

- » Joint use of a reflow oven by two SMT lines; reduction of operational air pressure; replacement of two old placement machines with a new energy efficient line.

Components plant in Niš, RS:

- » Successful introduction and certification of an energy management system under ISO 50001; installation of sensors for temperature control; continuous improvement measures in all significant energy user (SEU).

Components plant in Shenzhen, CN:

- » Replacement of two old air compressors by an efficient air compressor; Replacement of four old water cooling towers with one energy efficient tower; improvement of the controls in the test chamber for HASS tests; optimisation energy base load for all standstill days; reduction of operational air pressure; reduction of time in the heating chamber from 48 to 45 hours; fresh air cooling > 15° Celsius; joint use of a reflow ovens by two SMT lines.

Components plant in Spennymoor, UK:

- » Integration and installation of intelligent controls for the air conditioning system in the office area; purchase of a new efficient compressor; installation of sensors for efficient lighting in the warehouse; energy efficient controls for all ventilation motors.

Administrative buildings CIT + Office Schmelzhütterstraße in Dornbirn, AT:

- » Installation of heat recovery equipment; optimisation of parking area lighting.

Renewable energy

In the 2023/24 business year, 60.5% of the total energy consumption was covered by renewable energy. That represents an increase of 1.5% in the share of renewable energy, however the set target of 62% was not completely met.

Share of renewable energy at all-time high

All European lighting and components plants purchase their total electricity requirements from renewable sources.

The share of renewable energy remained constant or increased at all locations in 2023/24. This improvement was achieved through a reduction in energy consumption for heating, the full effect of energy savings measures implemented in 2022/23, and new improvement measures implemented in 2023/24 that are already partially effective.

Biogenic generated heat covers 48% of heating requirements and 27% of total gas requirements.

Projects and continuous improvement

At the components plant in Dornbirn, 45% of the energy required for heating is now covered by district heat. The lighting plant in Dornbirn met its entire heating requirements with biogenic generated heat during the past financial year. The administrative building in the Schmelzhütterstraße was converted to district heat that covered its entire winter heating requirements starting in September 2023. At the lighting plant in Lemgo, gas consumption was reduced by the conversion to district heat for pre-processing and temperature conditioning in the wet painting process. As a result, the share of district heat in production processes rose from 27% to 46%. A photovoltaic system was installed on an office building at the location in Niš. The components plant in Shenzhen increased the share of renewable energy from 26% to 29% based on an improved energy mix in 2023/24. The largest plant, the lighting plant in Dornbirn, increased the share of renewable energy to 94% with a mixture of electricity from hydropower, electricity from photovoltaic equipment installed on site and the use of biogenic generated heat.

1.2.3.4 Air and ground pollution

None of the producing locations in the Zumtobel Group manufacture, import or export ozone-depleting substances. Nitrogen oxide emissions were calculated based on measurements at the lighting plants in Dornbirn, Lemgo and Niš. Since nitrogen oxide emissions are basically dependent on the firing process and only natural gas is used for heat generation and production processes at these locations, the resulting emissions are substantially lower than carbon dioxide emissions. Nitrogen oxide emissions are closely related to the firing process and on the quality of the natural gas. These three locations represent roughly 45% of energy consumption and were therefore used to derive the mean value, which was subsequently used to calculate nitrogen oxide emissions for the other producing locations.

The producing locations which use natural gas for process and heating energy were responsible for nitrogen oxide emissions totalling 1.024 t. A comparison of this value with the previous year shows a reduction of 21% in natural gas consumption (previous year: 1.303 t). This improvement was reached through the reduced and optimised use of natural gas and the conversion from natural gas to district heat at the Dornbirn location. The measurements also showed no significant quantities of sulphur oxide at these locations, and these emissions will not be recorded for the time being. The formation of volatile organic materials (VOMs) is dependent on the volume flows from the aggregates (volumes and operating hours). Consequently, the calculation cannot be based on natural gas consumption. Determination is planned for the next financial year and will be preceded by an evaluation of how these emissions can be calculated or determined. The production facilities principally meet or remain below local thresholds. Compliance is controlled and monitored by internal or external measurements in accordance with legal requirements. The legal and municipal requirements are met at all production locations. Emission measurements are carried out by external specialists, and no conspicuous measurements were recorded.

1.2.3.5 Water & wastewater

Water means life and is a vital resource that plays an important role in connection with advancing climate change and global warming. Accordingly, it is also an important issue for the Zumtobel Group. Water is required in only limited volumes and hardly polluted in the production processes, but the responsible and economical use of water is a primary concern. The Zumtobel Group has implemented procedures to make sure wastewater meets municipal requirements before it is discharged into local treatment plants and to see that the related indicators remain clearly below the permissible limits wherever possible. These indicators are monitored and confirmed internally and externally on a regular basis.

Careful use of water as a resource

Water	Unit	2019/20	2020/21	2021/22	2022/23	2023/24
Water withdrawal	MI	64.18	67.08	65.23	56.69	49.48
Water from third party sources	MI	63.31	66.18	64.61	56.18	48.90
Groundwater	MI	0.87	0.90	0.63	0.52	0.58
Surface water	MI	0.00	0.00	0.00	0.00	0.00
Water recycling	MI	64.18	65.33	63.63	54.66	47.64
Water consumption	MI	0.00	1.75	1.60	2.04	1.85

Water use

Water is used mostly for sanitary facilities, for drinking and for air humidification. In production, water is used primarily in cleaning for the coating process, for cooling, air humidification and sprinklers.

Coating is a key production process at all lighting plants, and the focus is therefore placed on the responsible, economical use of water and the best possible cleaning of wastewater prior to recycling. Various procedures – including vacuum evaporation, continuous neutralisation, oil separators and sedimentation – are used to clean the wastewater from powder coating and wet painting.

The volume of water used was reduced by roughly 13%, but increased by nearly 1.5% per 1,000 produced units due to the decline in production volumes. A description of various improvement projects is provided below.

Water recycling

Water is generally recycled, apart from the water used for drinking, cooling, irrigation or air humidification in critical production areas. These unrecycled volumes are recorded at selected production locations and deducted from wastewater volumes. The recycled water meets the highest local legal standards and is clearly below all permissible limits. Sewerage systems transport the wastewater to local treatment plants.

Data on the volume of water recycled is collected and reported by the locations each year. Water that is not recycled is considered part of wastewater and is deducted for the calculation. 47.64 megalitres of water were recycled in 2023/24, compared with 54.66 megalitres in 2022/23, for a year-on-year decline of roughly 13%.

Water withdrawal

The water used by the Zumtobel Group is drawn primarily from local waterworks. Groundwater is used by the lighting plant in Les Andelys for part of its supplies, but this equals only about 1% of the total withdrawal. At the present time, none of the producing locations uses surface water from rivers or similar bodies of water.

The production locations and the corporate headquarters of the Zumtobel Group drew approximately 49.48 megalitres of water in 2023/24, compared with 56.69 megalitres in the previous year. That represents a 13% decline in the volume of water drawn and was achieved through various improvement measures.

Water consumption and water stress

Water consumption is understood to mean the volume of water that is not recycled by the Group's locations. The previous sections describe the purposes for which water is used.

Water consumption by the Zumtobel Group's production and administrative locations equalled 1.85 megalitres in 2023/24, compared with 2.04 megalitres in the previous year. That represents 4% of the total water drawn. As reported, water usage in the Zumtobel Group declined in 2023/24.

Increased water stress at the location in Serbia

The Zumtobel Group monitors and evaluates the water stress at its production locations that is connected with water consumption, which means the ratio of total water requirements to the available, renewable surface water and groundwater supplies. One important factor here is the inclusion of the available, renewable water supplies in the respective regions. An analysis of the individual locations by the Zumtobel Group in preparation for the CSRD showed increased water stress at the Serbian location in Niš. The location in Lemgo has a median value. The Zumtobel Group realises the importance of the careful use of the resource water in these regions and includes this in its considerations and evaluations. However, water consumption at these two locations is low and is currently viewed as non-critical.

Projects and continuous improvement

Lighting plant in Dornbirn, AT:

- >> Due to the careful use of water as a resource, the significant reduction in water consumption at the lighting plant in Dornbirn and Spennymoor was roughly maintained.

Lighting plant & components plant in Niš, SR:

- >> At the site in Serbia, the amount of water was reduced by reducing flow times and installing aerators. This resulted in savings of around 18%.

Lighting plant in Les Andelys, FR:

- >> The lighting plant in Les Andelys achieved a reduction of nearly 9%. This was achieved by reducing the number of layers in the coating process from the original five to three, made possible by optimised work planning and adjustment.

Components plant in Shenzhen, CN:

- >> Shenzhen reported the greatest savings with up to 27% for the reporting year. This level was reached with the replacement of six only water cooling towers with two effective new cooling towers, whereby basically only one is in operation.

Other locations:

- >> Water quality is continuously monitored at the sites in order to optimise the use of water in production/coating. Furthermore, technical installations such as evaporators and optimisation of filter systems are planned and are already being tested. This will have a further positive impact on water consumption and utilisation.

1.2.3.6 Biodiversity

For the Zumtobel Group, biodiversity means preserving the diversity of life and assistance in three major areas: diversity in ecosystems, diversity of species and genetic diversity – all of which are closely connected.

There was no construction activity in 2023/24, and no green areas were sealed. Every location does its best to minimise the impact on flora and fauna and to avoid air and soil emissions as well as noise.

Operational sites in, or adjacent to, protected areas and areas of high biodiversity value

The production locations in the Zumtobel Group are not found in or adjacent to protected areas or areas of high biodiversity value. A bird sanctuary is located roughly five kilometres and the Lauteracher Ried nature reserve nearly seven kilometres from the production site in Dornbirn. Five areas with high biodiversity value are located near the lighting plant in Les Andelys.

All Zumtobel Group production facilities are situated in priority regions with intact flora and fauna where environmental protection has very high legal as well as social significance. Environmental management systems ensure compliance with all legal requirements and EU directives, national legal and regional laws and the requirements of public authorities. These systems also identify and assess and, as a final step, prevent or minimise the impact of the business activities of the Zumtobel Group's production locations on the environment.

Projects/products to protect significant impacts on biodiversity

People moving about in the dark want to feel safe and prefer bright, well-lit streets and areas. However, lighting can impair biodiversity, especially by attracting insects.

The Zumtobel Group's Components Segment offers special LED modules with a minimum blue content to reduce these effects and minimise light pollution. That lessens the impact on the natural day-night rhythm of people and animals. The Zumtobel Group also uses NightTune technology to optimise night lighting and reduce the impact on the environment.

In addition to the colour temperature, the distribution of light is an important factor for preventing light pollution. The International Dark-Sky Association (IDA) is an advocate for the protection of the nighttime sky. It offers objective, independent certification for luminaires that minimise glare and light incidence and do not pollute the nighttime sky. The Zumtobel Group offers a range of IDA-certified luminaires that protect the nighttime ecosystem and, at the same time, increase people's comfort and security. NightTune and IDA-certified luminaires again represented a focal point of the product portfolio in 2023/24.

These technologies in combination with intelligent lighting controls create safe, energy efficient and environmentally friendly outdoor lighting that makes an active contribution to preserving biodiversity while limiting light pollution and reduces light pollution.

Protection for the nighttime sky & ecosystem

1.2.3.7 Procurement (material topic)

Management approach & due diligence processes

As a producing company, sustainable procurement plays an important role for the Zumtobel Group. Global procurement, the responsible department, is centrally organised, globally positioned and located in Dornbirn. The Zumtobel Group's supply chain takes full account of the following social, labour law and ecological factors and issues:

- >> Ethics along the entire supply chain (code of conduct, self-declaration via IntegrityNext, sustainability evaluation by EcoVadis, internal sustainability audits)
- >> Global procurement with local areas of influence (organisational structure)
- >> Safety of employees and suppliers (code of conduct, self-declaration on sustainability via IntegrityNext, sustainability evaluation by EcoVadis, internal sustainability audits, training)
- >> CO₂ footprint of the supply chain (concrete, resp. targeted inquiries)
- >> Evaluation of suppliers' environmental and social standards (code of conduct, self-declaration via IntegrityNext, sustainability evaluation by EcoVadis, internal sustainability audits)
- >> Respect for human rights and all employee and social issues (code of conduct, self-declaration via IntegrityNext, sustainability evaluation by EcoVadis, internal sustainability audits)

The Zumtobel Group relies more than ever on the long-term inclusion of and communication with its stakeholders along the supply chain and in the organisation's other areas of influence. All processes are characterised by mutual respect, open dialogue and transparent behaviour. Stakeholders who have an influence on the Group's business activities are involved in procurement processes through open and clear representation. This involves the suppliers of materials required for production, contract suppliers for merchandise, and the suppliers of indirect materials or products used in production.

Central bundling of purchasing processes

The procurement volumes for all plants are bundled under designated commodity managers. The various procurement groups are also managed centrally in keeping with the focus on sustainability. The Zumtobel Group works worldwide with 686 suppliers from 38 countries (2022/23: 708 suppliers from 36 countries). This setup helps employees to continuously optimise sustainable procurement and improve resource efficiency. It also makes a substantial contribution to the protection of the environment and climate and to compliance with social standards and the correct observance of conditions under labour law along the supply chain.

Goal attainment in 2023/24

The goals defined for sustainable procurement were met in full during the past financial year. The Zumtobel Group's sustainability performance was validated by at least one third party as part of the maturity analysis with EcoVadis (in addition to the audit). In addition, the share of recyclable materials in the products was increased continuously. This goal is long-term and, therefore, remains a focal point for 2024/25.

Supplier data	Units	2019/20	2020/21	2021/22	2022/23	2023/24
Suppliers (99,9% Annual volume)	Number	692	674	659	708	686
New suppliers	Number	N/A	N/A	8	11	20
Share of new suppliers	in %	N/A	N/A	1.2	1.6	2.9
Suppliers from Europe	Number	N/A	N/A	545	555	554
Share of suppliers from Europe	in %	N/A	N/A	82.7	78.4	80.8
Suppliers from other regions	Number	N/A	N/A	114	153	132
Share of suppliers from other regions	in %	N/A	N/A	17.3	21.6	19.2
Top suppliers	Number	N/A	N/A	89	93	83
Suppliers from risk countries	Number	N/A	N/A	109	139	143

The local plants and their procurement teams are also integrated in the procurement structure. These teams can react on location to current requirements and contribute to regional, transport-optimised and sustainable procurement through local initiatives.

Regionality with high priority

The company attempts to purchase most of the raw materials, goods and services in the region where production takes place. Key raw materials like steel, copper, aluminium and plastic granulate are purchased in Central Europe. Electronic and LED components are sourced primarily in Asia, where many of the most competitive suppliers are located. In 2023/24, the share of the procurement volume from Asia was over 50% (2022/23: 51.8%) in the Components Segment and roughly 8% (2022/23: 8.4%) in the Lighting Segment.

Procurement volumes	Units	2019/20	2020/21	2021/22	2022/23	2023/24
Procurement volumes (total)	EUR million	357	305	395	390	346
Share of revenues	in %	N/A	N/A	34.4	32.2	30.4
Procurement volumes Europe	EUR million	N/A	N/A	263	276	259
Procurement volumes Asia	EUR million	N/A	N/A	130	113	86
Procurement volumes Rest	EUR million	N/A	N/A	2	1	1
Procurement volumes Europe Lighting Brands	in %	N/A	N/A	89.5	91.1	91.7
Procurement volumes Asia Lighting Brands	in %	9.0	8.2	9.9	8.4	8.1
Procurement volumes Rest Lighting Brands	in %	N/A	N/A	0.6	0.5	0.2
Procurement volumes Europe Components	in %	N/A	N/A	41.3	48.1	49.4
Procurement volumes Asia Components	in %	63.0	58.9	58.2	51.8	50.5
Procurement volumes Rest Components	in %	N/A	N/A	0.5	0.1	0.1

E-mobility in fleet management

Mobility is another important issue for the Zumtobel Group's sustainable procurement. The focus of fleet management is shifting to find the right balance between environmental protection and economy. The demand and usage profile of the Zumtobel Group's motor vehicle pool was examined in detail during the previous financial year. This analysis resulted in an updated global policy for company vehicles based on sustainable criteria, which was updated and rolled out in 2023/24.

This initiative also creates an opportunity to gradually direct the company fleet towards environmental compatibility and includes four categories of hybrid and electric vehicles. Of the company vehicles purchased during the reporting year, over 20% are electric vehicles. Investments were also made in the local charging

Implementation of e-mobility

infrastructure to expand the charging options for company and private vehicles – and a public charging station was also installed for visitors.

Vehicle fleet	Units	2019/20	2020/21	2021/22	2022/23	2023/24
Diesel	Number	N/A	N/A	581	546	524
Petrol	Number	N/A	N/A	50	65	51
Gas	Number	N/A	N/A	0	0	0
Hybrid	Number	N/A	N/A	1	3	16
100% Electric	Number	N/A	N/A	7	27	50
Vehicles total	Number	N/A	N/A	639	641	641
Share of e-mobility	in %	N/A	N/A	1.3	4.7	10.3
CO ₂ e	Tonnes	N/A	N/A	3,499	3,353	3,181

Geopolitical challenges on the procurement market

The global procurement market has changed significantly over the past four to five years. The changes initially became visible – influenced by the Covid-19 pandemic – in well-known structures for availability and pricing. As the market started to recover, the Ukraine conflict began. Further geopolitical events like the war in the Near East and repeated attacks by Houthi rebels in the Red Sea had a negative effect on the markets which, nevertheless, have stabilised. Many of the procurement markets have still not reached equilibrium and continue to drive the high inflation in many core areas. Neither prices nor availability have returned to the pre-corona level – a standing that is no longer expected due to the above events and the ongoing influence on production costs. Various success factors that increased the resilience of the supply chain and stabilised or reduced prices have been decisive for the Zumtobel Group in recent years:

Success factors in the supply chain

- >> Long-standing partnerships with suppliers
- >> Local supply chains
- >> Increased authorisation of local suppliers
- >> Regular coordination with local plants
- >> Continuous, close coordination with suppliers
- >> Continuous monitoring of supply plans
- >> Ad-hoc changes in established transport routes
- >> Authorisation of multiple procurement sources where possible
- >> Implementation of the external sustainability platforms "DigiSus" (EcoVadis/IntegrityNext) for even greater transparency in various areas of the supply chain

Preparations for CSDDD

In addition to the above success factors, a greater focus was placed on developing a better understanding and clearer picture of the economic and ecological influence of suppliers in the largely localised supply chain. The recently implemented sustainability platforms (EcoVadis and IntegrityNext) will create greater transparency for sustainability in the active procurement portfolio. The groundwork has also been completed for conformity with the Due Diligence Directive for 2025. This added transparency also forms an excellent basis to work with suppliers on their energy autonomy and the resulting increase in green energy components. The positive effects include a reduction in costs as well as an increase in supply security and lower emissions.

In addition to compliance with geopolitical requirements, e.g. the various Russia-sanction packages, activities in 2023/24 focused on the implementation of a CBAM (Carbon Border Adjustment Mechanism) process.

1.2.3.8 Material & consumption (material topic)

The further strengthening of sustainability in purchasing activities and supplier onboarding are important objectives for the procurement department. To address these issues, sustainability aspects were integrated in the procurement group strategy. The main goal is to regularly evaluate key suppliers for compliance with the most important requirements and to ensure documentation and continuous improvement. The "DigiSus" sustainability platform which is described in the supplier onboarding process sets a new status quo for transparency, which then forms the basis for continuous improvement. As soon as all suppliers have a valid rating (or valid assessment), the platform will also be used to further optimise sustainability performance in general and the supply chain in particular.

In addition to the materials which flow directly into the products and merchandise that is manufactured by contract partners, indirect materials are receiving greater attention with regard to sustainability. For example: For example: The major plants were converted to 100% green electricity and, in doing so, made substantial progress in moving production towards greater environmental compatibility. Projects are also in progress to make the company fleet greener and to optimise the footprint of transport logistics.

In line with the sustainability strategy, the Zumtobel Group is implementing measures along the supply chain to ensure that information on the share of recycled source materials is available for each procurement group (including packaging). This information is included in this report for the first time. Joint measures are then put into effect based on the feedback from suppliers to increase this share wherever possible. The recyclability indicator as a per cent is also calculated on the basis of this data.

Materials procurement is increasingly concentrating on circularity and represents a fundamental element of the Circular Design Rules in the development process. The procurement team in the Zumtobel Group is working continuously with suppliers to record and increase the recycling share of production materials. The constituent substances of materials are another central point of sustainability efforts. The Zumtobel Group exceeds legal requirements by following the strict constraints of the Cradle to Cradle Certified® restricted substances list. Conspicuous substances are identified and immediately removed. The recyclability of the materials used to produce lighting and components is also an important criterion for the Circular Design Rules. Materials that are well-suited for recycling are given priority in product development processes.

CBAM (Carbon Border Adjustment Mechanism)

Systematically identify and expand the share of recycled material

Materials by procurement group	Units	2019/20	2020/21	2021/22	2022/23	2023/24
Starting materials	Tonnes	N/A	N/A	17,200	17,936	18,455
Semi-finished goods	Tonnes	N/A	N/A	7,963	8,927	9,039
Operating equipment	Tonnes	N/A	N/A	1,265	1,481	1,965
LED/samps	Tonnes	N/A	N/A	444	971	967
Supplies	Tonnes	N/A	N/A	717	971	547
Packaging	Tonnes	N/A	N/A	3,848	4,184	3,955
Merchandise	Tonnes	N/A	N/A	2,071	1,268	3,223
Rest	Tonnes	N/A	N/A	1,472	646	355

Share of recyclate by top procurement group	Unit	2019/20	2020/21	2021/22	2022/23	2023/24
Steel	in %	N/A	N/A	30	32	32
Cardboard packaging	in %	N/A	N/A	90	90	90
Cast components	in %	N/A	N/A	85	98	98
Plastic granulate	in %	N/A	N/A	5	5	5
Aluminium profiles	in %	N/A	N/A	70	75	75
Aluminium	in %	N/A	N/A	45	45	45

1.2.3.9 Circular economy & models (material topic)

"HOW WE ANCHOR CIRCULAR ECONOMY PRINCIPLES IN THE COMPANY".

The issue cluster "product responsibility" and the circular economy as a material topic stand for the responsible handling of material resources and a sustainable change in the product development process for the Zumtobel Group. Circular economy aspects therefore form a focal point of activities in the earliest phase of this process.

Product development according to the Circular Design Rules

Circular Design Rules (CDR) were introduced as a tool to ensure the full integration of a circular economy in production processes and position the Zumtobel Group to develop products for various cycles. This also includes the systematic minimisation of waste and optimisation for circular processes.

The CDR guideline for the Lighting Segment was implemented in global research and development during 2021/22 to ensure that the ecological potential of all new products created by this segment is identified and integrated with a view towards a circular economy. The Lighting Segment uses a scoring concept in the product development process to evaluate and optimise the suitability for a circular economy. The model consists of three building blocks:

- >> Circular Sourcing
- >> Circular Design
- >> Circular Systems

The Circular Design Rules are continuously updated and adapted. They serve as a tool for the development of operating solutions for future strategic issues. The inclusion of Circular Design Rules also helps to prepare for the content of future legal regulations which are currently under discussion on a European level as part of the European Green Deal (Circular Economy Action Plan) and the strategy papers of European countries, e.g. Austria, on the road to a circular economy. The CDR requirements already address, for example, the content of the new Ecodesign for Sustainable Product Regulation (ESPR) which is expected to take effect in 2025. The Circular Design Rules create a well-founded information basis to anchor circularity aspects at product, brand and corporate levels. Increasingly circular product characteristics provide the Zumtobel Group's customers with better information and assistance to reach their own sustainability goals.

Circular Design Rules – an innovation tool to implement the circular economy

Circular Design Rules (CDR) give the Zumtobel Group an effective, operative tool to gradually improve circularity in all new lighting brand products. The CDRs include four performance levels that can be reached with a product, whereby each performance level is tied to the attainment of various goals. The Circular Design Rules cover the following three main topic fields which are described in detail below:

Circular Sourcing – procurement and use of materials to support a circular economy

Material procurement is increasingly focused on circularity and represents an integral part of the Circular Design Rules. The Zumtobel Group's global procurement team works continuously with suppliers to identify and increase the recycling share of the materials used. Data was improved substantially during the reporting year and a gradual increase in the recycling share was verified together with the suppliers. Special attention was given to the material ingredients. The Zumtobel Group follows the strict requirements of the Cradle to Cradle Certified® Restricted Substances List, which far exceed legal regulations. Suspicious content is identified and immediately eliminated. The recycling capability of the materials used in the luminaires and components is an important criterion for the CDRs. Materials that are well-suited for recycling are given priority.

The cooperation with suppliers will be evaluated in the coming year to identify the sources (pre- or post-consumer) for the recyclate component of materials. The search for suitable materials from renewable sources will be intensified. The goals for the 2024/25 financial year include the systematic recording of the recycling component of products.

Circular Design – design based on the principle of disassembly and durability

The principle "design for disassembly" creates the basis for the fast and easy disassembly of materials and components after the end of the product usage phase. The section on Circular Design in the Circular Design Rules explains the consistent application of this principle, the design of interfaces for future upgrades, and the easy access and disassembly options for spare parts. The development and construction process can then ensure that:

- >> Interfaces for technical updates are integrated in the product
- >> Components can be easily and quickly disassembled and replaced (maintenance & upgrade) to extend the service life of a product for the customer; and
- >> The product can be separated into its individual parts at low cost for recycling (remanufacturing) or the materials can be completely separated for high-quality recycling.

The Thorn lighting brand launched the [OMEGA Moduline](#) luminaire in 2023/24. Its design concept is based on modularity and the ability to interchange the individual components. This luminaire marks the start of the brand's holistic design strategy, which explicitly addresses circular design aspects: modularity, easy assembly and disassembly, simple separation in individual components, the uncomplicated availability of replacement parts and options for upgrades.

Circular Systems – establishment of circular systems

The goal of the Zumtobel Group is to generate high added value and provide an attractive service offering for customers with a minimum of materials from primary resources. New possibilities are under development to extend the product lifecycle and to use products and materials in a circular flow through a network of collaboration partners:

- >> Maintenance & upgrade
- >> Reuse & remanufacturing
- >> High-value recycling

Maintenance & upgrade

The longest possible service life for luminaires at the customer's location helps to conserve resources. The Zumtobel Group is continuously expanding its selection of modernisation kits to extend the customer's use of the lighting but also offers modernised, energy-efficient lighting technology for upgrades. The availability of spare parts will be increased to reinforce these efforts. Many products in the Zumtobel and Thorn lighting brands, e.g. TECTON, SLOTLIGHT, PANOS and OMEGA, include uncomplicated modernisation options due to their modular construction.

The Zumtobel lighting brand has developed and implemented customer-specific refurbishment kits for numerous projects. For example: Zumtobel equipped the [New York Times building](#) with project specific T5 LED modernisation inserts in 2023, which enabled 80 to 90% of the original aluminium and steel casing to remain intact. At the [German Patent Office](#) in Munich, 20,000 luminaires were modernised with refurbishment kits from Zumtobel. State-of-the-art LED lighting solutions can save roughly 78% of the primary energy requirements for light in the building's offices.

Thorn has been responsible for lighting 55 km of roads in the [Sarajevo canton of Bosnia and Herzegovina](#) since 2023. A total of 1,770 ISARO PRO lighting heads were installed on existing light poles, and energy consumption was subsequently reduced by 60%. UrbaSens Civic Connect technology makes it possible to record and, ideally, to reduce the energy consumed by the lighting infrastructure in a city over time. Smart technology is also an integral part of operations, maintenance and updates.

Refurbishment kits for the CLEAN luminaire

Standard refurbishment kits were launched for the numerous MIREL and MIRAL linear luminaire families during the past year. Only a very limited number of producers has been able to offer attractively priced refurbishment solutions for their regular portfolio to date. This modernisation option allows the old luminaire casing and surrounding ceiling architecture to remain in use, which saves assembly time, costs, resources and emissions. The refurbishment kits are accompanied by extensive information. In addition to the significant energy and CO₂ savings resulting from the modernisation of the luminaire's lighting source, most of the luminaire remains in use. A standard refurbishment kit was also purchased for the CLEAN luminaire. The offering of replacement parts and refurbishment kits will be further expanded in 2024/25.

Reuse & remanufacturing

The Zumtobel Group is working to expand processes and offers for the recycling of luminaires after the end of the first usage phase. Pilot projects were carried out to develop the process know-how for return logistics and recycling, and to develop first partnership networks. These projects analysed the recycling opportunities for various products in the Zumtobel lighting brand.

Pilot project for reuse & high value recycling

Zumtobel set a milestone in the implementation of the circular economy together with the SPAR supermarket chain and carla Vorarlberg, a social enterprise which is part of Caritas, during the past year. In connection with the [revitalisation of the EUROSPAR in Lustenau](#), the TECTON luminaires and tracks were carefully removed. The luminaires had been in use for three to eleven years, while supermarkets are modernised every eight to ten years. The lighting is generally broken during conventional disassembly and subsequently discarded. One project goal was to rescue as many luminaires as possible for reuse through careful dismantling and recycling logistics. Another goal was to dismantle the carrier rails and return them to the supplier for use in the next product generation (high-value recycling).

Pilot project with
SPAR and carla
Vorarlberg

Reuse

The luminaires at carla were tested for their functionality and safety according to ÖVE/VDE standards, in part repaired and cleaned – and are again in use. In total, 425 of 431 luminaires were recovered and readied for a second usage phase. A sample of the luminaires was measured at the lighting lab in Dornbirn, where the loss of luminous flux was determined. Depending on the type of luminaire, the decline in luminous flux over many years of use equalled 3% to 17%.

The research findings from this successful pilot projects provide valuable know-how and experience on processes, the development of partnerships, measurement values for used luminaires and the first calculation bases for circular business models.

Remanufacturing

The ARTELEA free standing luminaire represents the first product by the Zumtobel brand to include a return for remanufacturing option at the end of a light-as-a-service (LaaS) contract to permit an additional usage phase. The remanufacturing process includes the following:

- >> Disassembly of the luminaire
- >> Cleaning of the components
- >> Replacement of used components
- >> A function and safety test

Plans call for the availability of an active remanufacturing option for 10% of the Zumtobel Group's product families by 2030.

The circular systems concept used for ARTELEA addresses the following usage cycles in agreement with the Zumtobel Group's circular economy strategy:

- >> Maintenance & upgrade/refurbishment kits
Longest possible product service life for the customer through the availability of replacement and upgrade components
- >> Remanufacturing
Return and remanufacturing service a part of an LaaS contract
- >> Controlled return to the WEEE recycling system
Return and controlled WEEE recycling within the framework of the LaaS contract when the product is no longer suitable for reprocessing

High-value recycling

A number of luminaires and luminaire components cannot be recycled through remanufacturing after a long service life. However, these products contain valuable materials that can be recovered for use in the next product generation.

As part of the above-mentioned pilot project, the high-value recycling process was tested based on the carrier rail materials for the TECTON continuous row system. The coated carrier rail steel is separated via a multi-stage process in cooperation with several project partners and transported back to the Zumtobel Group's regional steel supplier.

Suppliers cannot reuse coated steel from conventional recycling because the different and unknown composition of the coating (e.g. PVC coating) could release pollutants during the melting process. In the case of high-value recycling materials, the coating formula is known and the steel can then be returned to the production process. That closes the material cycle. The pilot project returned 576 of post-consumer steel to production.

With the development of a high-value recycling system, the Zumtobel Group and its project partners are taking new directions to reuse high-quality materials in the next product generation.

Circular Design Rules – application examples

The application of Circular Design Rules in new product development was intensified during the past year. CDR analyses were carried out and integrated in the product information portfolios for a number of existing products like the Zumtobel TRAMAO and VIVO luminaires.

The Circular Design Rules support the development of an information and functional basis for circular attributes and pave the way for a future digital product passport.

Zumtobel Group presents first DPP draft for IZURA luminaire

Digital Product Passport

The digital product passport (DPP) is part of the upcoming Ecodesign for Sustainable Product Regulation (ESPR) in the European circular economy strategy and is seen as an operating tool for the implementation of the circular economy. It makes necessary information along the lifecycle available to various participants. The DPP facilitates and enables the circular management of products and materials.

A digital product passport includes the following information:

- >> Materials and components used in the product (incl. information on potential environmentally critical materials)
- >> Construction and separation
- >> Production and useful life, location
- >> Reuse, reparability, availability of replacement parts and recyclability
- >> Energy efficiency and CO₂e emissions

Digital product passports are expected to become mandatory for electronic products in the EU starting in 2027. At the Light + Building trade fair in 2024, Zumtobel presented the first lighting industry draft of a DPP for the IZURA concept luminaire based on the previously known requirements. The required content information on the luminaire was obtained with the help of Circular Design Rules.

Cradle to Cradle Certified®

In 2023, products in the Tridonic and Zumtobel brands were Cradle to Cradle Certified®: Zumtobel received a Cradle to Cradle Certified® rating in Bronze for its modular ARTELEA free standing luminaire under the challenging version 4.0 valuation standard. PTFE-free paint was developed and used for the certified luminaire.

Tridonic expanded its Cradle to Cradle Certified® product portfolio with further accreditations during the past year: LED modules from the latest generation as well as LED drivers from the Gen4 product line were certified for the first time as more complex electronic lighting components according to the Cradle to Cradle Certified® standard 3.1.

Sustainable packaging

Materials that are particularly well-suited for recycling will be used for product packaging in the future. The recycling capability of the materials as well as the available infrastructure will be decisive for maximising the volume of packaging materials recycled in the region. Long distances for material recycling will be avoided. The Zumtobel Group's packaging suppliers for cardboard and paper currently have a recyclate content of up to 90%. One good example is the use of packaging tapes made of paper, which do not require separation for disposal.

The production location in Lemgo uses packaging based on cellulose from industrial potatoes for the Zumtobel VIVO and PANOS spotlights. This packaging can be disposed of with wastepaper recycling.

The Components Segment launched a pilot project for sustainable packaging. Its goal is to increase the share of recyclable packaging material and reduce packaging waste. The packaging for LED drivers was, for the most part, converted to paper alternatives several years ago. Following the LLE 24 mm modules, the packaging for other modules was also converted to 100% recyclable cardboard. The Components Segment is challenged to develop suitable packaging that guarantees both ESD and mechanical protection for the LED modules and also minimises both volume and weight.

Pilot project for sustainable packaging

The recycling content of the used cardboard in the component segment ranges from 80% to 90%. The changeover from polystyrene to cardboard has a positive influence on the recycling capability and reduces the CO₂ intensity of the packaging. A significant contribution to lowering GHG emissions was made with a reduction of 6 kg CO₂e to only 0.3 kg CO₂e per kilogramme of packaging material. Efforts to convert packaging have led the Components Segment to concentrate primarily on cardboard, which means over 90%

of the packaging materials are now recyclable. The goal is to convert the remaining non-recyclable materials by the end of 2024.

The passage of the Packaging and Packaging Waste Regulation (PPWR) by the European Union indicates that further criteria for the design of packaging can be expected.

The Zumtobel Group has set a goal for 2024/25 to increase the use of packaging from renewable resources.

1.2.3.10 Waste (material topic)

The environmental aspects matrix shows the importance of waste for the Zumtobel Group. Waste arises during production processes as well as in the downstream end-of life treatment of the sold products. The Zumtobel Group therefore places special emphasis on the economical use of resources and the recycling of materials. Key factors include the efficient use of materials, the minimisation of production scrap and the avoidance of unnecessary waste. Valuable materials are recycled as best as possible or, if possible, reused to conserve resources.

Waste management is an important part of the environmental management systems. Every production location has a designated waste officer, documented processes and detailed records for all generated waste. The indicators for waste are the volume of waste generated per tonne classified by recycling waste, residual waste and hazardous waste.

The recycling quota is another important indicator for material recycling. The indicators defined at the Group level are broken down to the individual lighting and component plants. Goals are defined in the individual environmental programmes, and actual data is collected in the environmental and energy reporting system and communicated in the monthly management reviews.

The fundamental principles underlying the circular economy are anchored in the development process and applied in all new product innovations. Improvements in the effective use of resources and recycling, maintenance and repair are also central issues for existing products

Waste generation and significant waste-related effects

Metal processing, plastics processing, coating, automated production lines and the manual assembly of products are the major production processes which cause most of the waste in the Zumtobel Group. Metal processing, plastics processing and coating as well as the automated production lines result in stamping waste, adjusting nuts and scrap which can generally be recycled.

The water used in pre-treatment for the coating process is subsequently cleaned, which means a concentrated volume of hazardous waste must be disposed or processed.

All production processes, especially automated assembly equipment, are responsible for packaging waste from purchased raw materials, input parts and components. This packaging is, for the most part, separated by type and recycled by disposal firms.

Smaller quantities of hazardous waste like waste oil, refrigerants and lubricants result from metal processing, residual adhesives from mounting processes, and residual paint from coating processes. Waste also includes tools, machinery, production lines, raw materials, purchased products and finished products which are no longer needed.

Management of significant waste-related effects

The most important levers to reduce the volume of waste in the Zumtobel Group include the above-mentioned activities in the best interests of the circular economy and sustainable procurement as well as the optimisation and recycling of the packaging from purchased raw materials and components together with the avoidance of waste in production. In all European countries, the disposal partners for the sales organisations are responsible for the correct disposal and utilisation of the luminaires.

In addition to the many activities in support of the circular economy and sustainable procurement that will have a significant influence on waste volumes in the coming years, the Zumtobel Group has undertaken projects and many other continuous improvement measures.

Projects and continuous improvement

A particular focus of the lighting plants in 2023/24 covered the issues related to the efficient use of non-renewable materials. Non-renewable materials include plastics, steel, copper and aluminium. The indicator represents the waste generated from these materials in relation to their consumption. Extensive analyses were conducted at all European locations and numerous improvement measures were defined and implemented. The indicator "waste from non-renewable materials in production" for the lighting plants declined significantly from 10.9% to 9.45%, which means the defined goal of 10% was clearly exceeded.

Lighting plant in Dornbirn, AT:

- >> Implementation of waste walks and waste walls and the consequent execution of the related measures; strict, expanded separation of plastic waste; optimisation of the length of purchased aluminium profiles to have standard lengths for the luminaires ready with minimal scrap; grinding of plastic scrap, sprue material and recycling in the production of plastic parts.

Lighting plant in Lemgo, DE:

- >> Sprue material from plastic injection is ground and recycled; optimisation of batch sizes and colour changes in plastic injection moulding; increased focus on the recycling of containers and drums from purchased components.

Lighting plant in Les Andelys, FR:

- >> Optimisation of production planning and management strategies to minimise the waste from obsolete purchased parts and finished products; recycling of cardboard boxes to store semi-finished goods; optimisation of the use of steel boards in metal processing.

Lighting plant in Niš, RS:

- >> Sprue material from plastic injection is ground and recycled; optimisation of the use of steel boards in metal processing; optimal use of aluminium profile lengths in shaping luminaires.

Lighting plant in Spennymoor, UK:

- >> Material from start-up of injection moulding machines and sprue material from plastic injection is shredded, ground and recycled; optimal use of sheet steel plates in stamping processes through the combination of production orders with fast-moving Kanban article numbers and the optimised combination of article numbers; installation of a vaporisation system to reduce hazardous waste in the coating aggregates; use of recyclable packaging for components from the lighting plant in Dornbirn.

Components plant in Dornbirn, AT:

- >> Strict separation of all plastic waste and clean separation of PCBs and PCB clippings to improve the recycling rate; conversion of packaging from parts purchased from suppliers to cardboard or other recyclable materials; conversion of packaging for finished products to 100% recyclable materials.

Components plant in Niš, RS:

- >> Processing and recycling of tin waste from production; separation of plastic foils and spools; recycling of wood pallets by suppliers.

Components plant in Spennymoor, UK:

- >> Conversion of packaging for parts purchased from suppliers to cardboard or other recyclable materials; conversion of packaging for finished products to 100% recyclable materials; analysis of waste in the production processes.

Components plant in Shenzhen, CN:

- >> Conversion of the packaging of purchased parts with suppliers to cardboard or other recyclable materials; Conversion of the packaging of finished products to 100% recyclable materials.

Waste-related data is recorded by the Zumtobel Group's locations in the environmental and energy reporting system. It is based on information and invoices from the respective disposal companies. Sampling audits are therefore carried out at the end of the financial year to verify data collection for this system.

Waste generated

The Zumtobel Group recorded roughly 5,141 t of waste from its production processes in 2023/24, which represents a reduction of 2.4% compared with the previous year (5,269 t). A total of 476 t was classified as hazardous, for an increase of 4% in the volume of hazardous waste. The lighting plants in Spennymoor installed a vaporisation system in the coating aggregates to significantly reduce the hazardous waste resulting from the coating process.

The components plants reduced the volume of waste both in absolute terms and based on the number of produced products in 2023/24. Reduced demand in the components plants led to an absolute reduction of 240 t in waste and a relative reduction of 3.3% based on the number of produced products. The lighting plants met the targets for the absolute reduction of waste and the relative value based on the number of produced products, but there was a slight increase compared to the previous year.

Waste diverted from disposal/directed to disposal

Of the total non-hazardous waste, 91.3% is diverted from and 8.7% directed to disposal, whereby 96% of the non-hazardous waste directed to disposal is incinerated with energy recovery and the remaining 4% is transferred to a landfill. Of the total hazardous waste, 88% is diverted from and 12% is directed to disposal, whereby 98% of the hazardous waste directed to disposal is incinerated with energy recovery and the remaining 2% is transferred to a landfill.

Waste	Unit	2019/20	2020/21	2021/22	2022/23	2023/24
Recyclable waste	Tonnes	5,826	5,840	5,213	4,410	4,218
Preparation for recycling	Tonnes	N/A	N/A	412	327	251
Recycling	Tonnes	N/A	N/A	4,722	4,079	3,772
Other utilisation procedures	Tonnes	N/A	N/A	79	4	195
Residual waste	Tonnes	679	463	569	403	446
Other utilisation procedures	Tonnes	N/A	N/A	24	26	41
Incineration with energy recovery	Tonnes	N/A	N/A	531	374	390
Incineration without energy recovery	Tonnes	N/A	N/A	0	0	0
Landfill	Tonnes	N/A	N/A	14	2	15
Hazardous waste	Tonnes	476	489	401	456	476
Preparation for recycling	Tonnes	N/A	N/A	11	12	12
Recycling	Tonnes	N/A	N/A	22	40	21
Other utilisation procedures	Tonnes	N/A	N/A	274	321	386
Incineration with energy recovery	Tonnes	N/A	N/A	87	78	56
Incineration without energy recovery	Tonnes	N/A	N/A	7	4	0
Landfill	Tonnes	N/A	N/A	0	0	1
Total non-hazardous waste diverted from disposal	Tonnes	N/A	N/A	5,237	4,436	4,259
Total non-hazardous waste directed to disposal	Tonnes	N/A	N/A	545	377	405
Total non-hazardous waste	Tonnes	N/A	N/A	5,782	4,813	4,664
Total hazardous waste diverted from disposal	Tonnes	N/A	N/A	307	373	419
Total hazardous waste directed to disposal	Tonnes	N/A	N/A	94	82	57
Total hazardous waste	Tonnes	N/A	N/A	401	456	476
Total waste	Tonnes	6,981	6,792	6,183	5,269	5,141
Recycling Rate	in %	83	86	90	91	91

Recycling rate

The Zumtobel Group sees the recycling rate as an important indicator to evaluate the handling of waste in product development, production industrialisation, production processes and administrative processes. The challenging goal to reach a recycling rate of 92% was not completely met with 91.02% in 2023/24, but the outstanding prior year result of 91.3% was nearly matched. The focus on the reduction of waste from non-recyclable materials in the production process, which represents a significant component of recycling waste, had a contrary effect on the recycling rate. However, continuous improvement measures led to a high recycling rate of over 91% and made an important contribution to the protection of essential raw materials.

Further increase in the recycling rate

WEEE recycling

The Zumtobel Group, as a producer of electronic equipment, is subject to the European Waste Electrical and Electronic Equipment Directive (WEEE) and carries the related financial product responsibility for disposal of the electronic equipment placed on the market. With an annual financial contribution, the Zumtobel Group helps to finance an infrastructure for the collection, treatment, recycling and utilisation of electronic equipment. This applies to used luminaires as well as their electronic components. The Zumtobel Group is registered with the responsible national authorities in all countries where it sells luminaires and electronic components. Regular reports are filed on the volume of luminaires and electronic components sold in accordance with legal requirements. This information forms the basis for determining the financial contribution.

The provision of an appropriate infrastructure for the correct collection of used electronic equipment requires environmentally compatible, controlled disposal as well as the recovery of valuable resources by specialised recycling technicians.

1.2.4 SOCIAL

A HEALTHY ENVIRONMENT NEEDS HEALTHY SURROUNDINGS.

Management approach & due diligence processes

The Zumtobel Group has a workforce of over 5,300 employees at numerous locations worldwide. These employees form the basis for success and are a key factor for the successful development of the company. Satisfied, competent and committed employees create the foundation for outstanding lighting solutions, components and services and, in turn, for satisfied customers. Their support makes it possible for us to build lasting customer relations and sustainably strengthen our productivity and profitability. Global human resources teams (HR) comprising HR business partners, people services and central HR functions assist all current and future employees in their work and further development, above all in the following areas:

- >> Personnel recruitment
- >> Performance & talent management
- >> Personnel and organisational development
- >> Total rewards
- >> Employer-labour relations
- >> Occupational safety, health and well-being

The Zumtobel Group's People Strategy – LIGHT UP – was derived from the FOCUSED corporate strategy, the three core values “passion, performance and partnership”, current strengths and weaknesses, external factors and market conditions as well as HR trends and best practices. The Zumtobel Group wants to be the employer of first choice for people who want to advance the future of light.

As the employer of first choice, employees are made to shine (LIGHT UP) at work through:

- L **Leaders** who trust, challenge and empower their teams and set an example
- I **International** perspectives, local roots and equal opportunities for all
- G **Growth** opportunities enfolding our employees' full potential
- H **High** performance culture marked by self-responsibility and open, two-way feedback
- T **Teams** that create real value with passion and purpose
- U **Uncomplicated** fair payment and performance recognition
- P **Practical** flexible working models which meet individual needs

The company intends to place even greater value on a culture of trust in the future – a culture with open and respectful interaction where feedback is given and accepted. Employees will be offered even more development opportunities so they can reach their full potential and, at the same time, managers will be strengthened in their role.

The Zumtobel Group is committed to equal opportunity – not only in view of the global job market of the future but also with a look inside. The basis for all this is fair remuneration, realistic working time models and processes that are flexible enough to meet employees' individual needs.

Corporate culture

The core values "passion, performance and partnership" are not only empty words but real principles that are actively followed in daily activities. These values are anchored in the "LIGHT UP" people strategy and in core HR processes like talent acquisition, performance & talent management, people and organisational development, total rewards and employee & labour relations to align the Zumtobel Group's DNA with future challenges and contribute to the corporate culture. "We live light" is the claim that expresses the company's passion for light. It is a passion that unites all employees and inspires top performance every day, a passion that bonds and is a source of pride. Other aspects that have defined the corporate culture and played an important role ever since the company's founding are the continued pursuit of top performance and sustainability. Employees are proud of their important contribution to creating a better future for coming generations with their products and processes.

We live light

As an international company with locations in many different countries, the Zumtobel Group has continued to preserve its strong local roots. This is reflected in close ties and a sense of family. Teamwork with colleagues from a wide range of cultures and beyond national borders promotes mutual learning and, at the same time, drives the development of innovative and high-quality products and lighting solutions.

The Dr. Walter Zumtobel Value Award, which carries the name of the Group's founder, was also presented in 2023/24. It is given to persons who demonstrate the corporate values in their everyday actions and, in this way, keep the founder's values alive.

Dr. Walter Zumtobel Value Award

Goal attainment in 2023/24

All goals set by the Zumtobel Group for this area in 2022/23 were successfully met. A feedback tool was expanded throughout the company with the use of "Viva Glint" in 2023/24. Educational programmes for trainees were actively pursued in five different corporate areas, which exceeded the original goal of four. In addition, the Fundamental Declaration of Human Rights was anchored as an internal policy in the Zumtobel Group.

1.2.4.1 Employee satisfaction (material topic)

The satisfaction of employees has high priority in the Zumtobel Group. An employee survey was carried out during the 2022/23 financial year and brought responses from 82% of the workforce. The survey covered the following eight topics:

- >> Team
- >> Work organisation & processes
- >> Design freedom & assumption of responsibility
- >> Management
- >> Communication, strategy & innovation
- >> Personal & professional development
- >> Culture & values
- >> Digitalisation

Managers present results to the departments

Global events and the efforts by top management to increase employee satisfaction and improve the work environment were communicated to employees. Managers received the results for their respective departments and discussed this information with their staff. Over 500 individual reports were prepared for managers in 2023/24 and over 700 Zumtobel Group managers have received a report.

Active inclusion of the workforce

Follow-up actions after an employee survey are decisive to ensure that the employees' feedback is not only heard but also results in concrete changes. A dialogue with employees, the definition of clear goals and the active inclusion of the workforce can promote a culture of continuous improvement and safeguard long-term success.

The main focus of the subsequent workshops was to define concrete goals and improvement measures for each team. This ensures that the right priorities are set. The active inclusion of the workforce in this process was particularly important to integrate their perspectives and ideas. Over 150 workshops were held to discuss the survey results, and at least three improvement measures were defined to drive change.

Measures are tracked, over 50% successfully completed

An action tracker tool developed especially for this process was used to collect the measures defined by the workshops for all teams and to assign responsibilities and deadlines. A single global survey generated over 600 improvement measures that should lead to an improvement in employee satisfaction. The current status of the initiatives and implementation of these measures are discussed in regular feedback loops with the Management Board and top management – and over half of the implemented measures have already been successfully completed.

Change is a continuous process, and it is therefore even more important to regularly evaluate how well the measures are working for the company and to make necessary adjustments. A pulse survey will be carried out in 2024/25 as a follow-up to the global employee survey to gauge the success of the improvement measures. This will ensure that the Zumtobel Group remains on the right track with its efforts to provide a positive and productive working environment.

Employee surveys are essential for companies who want to strengthen ties with employees, increase employee satisfaction and create a positive working environment. The Microsoft survey tool Viva Glint was introduced in 2023/24 as system support for lifecycle, recurring and ad-hoc surveys. The reasons for regular employee surveys are diverse: They promote a feedback culture, enable the early identification of problems, improve employee ties, identify opportunities for improvement and contribute to a positive corporate culture.

The first measure – so-called lifecycle surveys – was initiated with the survey tool. They cover continuous exit and onboarding surveys which give the Zumtobel Group valuable insight into the employee experience from the beginning to the end. The company received detailed information on the reasons for the resignation of employees and valuable feedback to improve hiring and integration processes.

A survey was also carried out on the issues of diversity, equity & inclusion (DEI). The Zumtobel Group is committed to a diverse, fair and inclusive working environment. The survey collected the employees' valuable information on the perception and experience with DEI issues. It will facilitate the development of targeted measures to strengthen diversity, equity and inclusion at the workplace so all employees feel equally respected and inspired. This survey was the starting point for the development of a diversity, equity & inclusion strategy.

Work-life balance

As an appealing employer, the Zumtobel Group wants to provide an effective work-life balance for its employees in their various stages of life and gives high priority to offering models to meet these different stages. This includes making an allowance for the continuously changing needs of younger generations on the labour market as well as measures to help working parents reconcile career and family life.

To further increase its attractiveness as an employer, the Zumtobel Group offers various working time models that help employees to coordinate their private and working lives. Employees can choose from models like part-time employment, educational leave, sabbaticals, parental leave for fathers and home office options. Mothers and fathers who return to work after parental leave are actively assisted by the company in their reintegration. The Zumtobel Group also accommodates individual wishes to find the best solution for the employee, the team and management.

The options offered by the Zumtobel Group were recognised by the state of Vorarlberg with the quality seal "Outstanding family-friendly company 2023-2024". Additional confirmation for the company was the recertification of ZG Lighting Austria as a family-friendly employer. At the end of 2023/24, 63 employees in Austria were on parental leave (2022/23: 55).

Survey goal: increase in satisfaction

Strategy development on diversity, equity & inclusion

Family-friendly company award in 2023/24

Parental leave in Austria	Unit	2019/20	2020/21	2021/22	2022/23	2023/24
Employees entitled to parental leave	FTE	N/A	N/A	N/A	N/A	N/A
Employees on parental leave	FTE	69	58	60	55	63
Male	FTE	5	1	0	3	5
Female	FTE	64	57	60	52	58
Return to work after the end of parental leave	FTE	N/A	N/A	N/A	N/A	N/A

Free-time option

A works agreement gives employees the option to reduce their working hours in exchange for waiving a salary or wage increase and to receive paid time-off. This option can be used, for example, in connection with age-based work, educational programmes or to accumulate longer free-time periods. Free time can also be accumulated over several years and used at once. This free-time option has been selected by 314 employees.

Collective agreement

The Zumtobel Group encourages the open and regular exchange of information between the Supervisory Board, employees and employee representatives like the Works Council. Collective agreements cover roughly 50% of the worldwide workforce. The legal participation rights of employees and compliance with the principles and standards defined by the International Labour Organisation (ILO) are anchored in the code of conduct and are binding for all companies in the Zumtobel Group.

1.2.4.2 Training and continuing education (material topic)

Continuing education concept with two pillars

The Zumtobel Group is continuously developing, and it is essential that its employees also continue their target-oriented development. Employee development, including systematic professional advancement, is, consequently, a key element of sustainable business success. A dual-focus training and continuing education concept was prepared for this purpose.

- >> General and free (digital) learning offers, available in the Zumtobel Group's own learning management system. Employees are free to use these options or are assigned to specific courses in line with their roles (e.g. new employees, employees in sales etc.).
- >> Individual development plans that target technical as well as personal development (soft skills etc.). The formats differ and include internal as well as external courses, coaching and mentoring. These plans are prepared for each employee as part of the annual reviews in agreement with the respective supervisor. They can also include, among others, further development in other areas and a longer term carrier path.

The basis for systematic employee development is the LIGHT competency model, which was derived from the corporate strategy:

- L Level of knowledge, skills & experience
- I Innovation & transformation
- G Getting things done
- H Habit to develop
- T Together we shine

With these five generic ambition levels for expected performance and technical expertise, LIGHT provides a framework for the human resources development processes.

Additional strategic initiatives based on the dual-focus strategy were developed and implemented globally in 2023/24. One example is the new management development programme (Leadership Excellence Program) that begins with a one-week leaders' summer camp of intensive training for roughly 60 managers. Its goal is to internalise basic knowledge of the processes and management principles in the Zumtobel Group.

Managers as well as all other employees in the Zumtobel Group benefit from an extensive catalogue of interdisciplinary training courses with content that covers, among others, change management, resilience and various IT topics. Parallel to the interdisciplinary offering, specialist training was improved and implemented. The content now includes brand-specific training units, for example roughly 80 core knowledge modules with product and application know-how on the Zumtobel portfolio. The Tridonic training camp provides employees with comparable content for individual instruction. The training and continuing education offering for the global workforce was again significantly expanded in 2023/24.

Employees have access to over 120 new soft skills e-learning courses, which were developed by the company together with the external learning provider GoodHabit. It provides access to practical and entertaining training in areas like business skills, management, personal effectiveness, productivity, communication, positive psychology and much more. These e-learning courses are free of charge for all employees, can be booked over the myCAMPUS internal learning management system and are available in several different languages (e.g. German, English, French and Mandarin). Country-specific offers for individual training are also available depending on the employee's location. In Austria, for example, employees can take an educational sabbatical.

Specific training courses to qualify for and master specific duties can be agreed as part of the employee's annual performance review to maintain employability (see Pillar II).

The opportunity for personal and professional development is an important part of the Zumtobel Group's personnel strategy and was identified by the global employee survey as one of the main activity areas. A new mentoring programme was, consequently, introduced to provide employees with assistance from experienced advisers along their personal development path. Mentoring is a process under which a mentor (an experienced internal manager) supports a younger and/or less experienced employee and offers advice for their professional career. This offering creates an understanding and enriching environment for both the mentors and mentees. It utilises specialised know-how and experience in the company to advance employees in their professional development. Mentees are Zumtobel Group employees who want to further their development in the company. The requirements are compatibility between the mentoring programme and the employee's development goals as well as an approval by the direct supervisor and HR business partner.

New management development programme

Over 120 new e-learning courses

New: mentoring programme

Country-specific options like partial retirement are available in preparation for possible retirement. Based on country specifics and in special circumstances involving termination, outplacement with an external consulting agency is arranged to facilitate the transition.

Average hours of training and Continuing education		Unit	2019/20	2020/21	2021/22	2022/23	2023/24
Employees total	Hours		12	6	14	9	10
Male	Hours		N/A	N/A	16	10	10
Female	Hours		N/A	N/A	12	8	8
Salaried employees	Hours		15	5	18	12	13
Male	Hours		N/A	N/A	19	12	13
Female	Hours		N/A	N/A	17	12	13
Wage employees	Hours		8	8	7	3	3
Male	Hours		N/A	N/A	8	4	3
Female	Hours		N/A	N/A	7	3	2
Online share of internal training	in %		N/A	N/A	66.6	56.0	56.0

Management in the light of our corporate culture

Personnel strategy: LIGHT UP

The management of a company has a substantial influence on its culture and success. For this reason, managers who trust, challenge and enable represent one of the central pillars of the Zumtobel Group's LIGHT UP personnel strategy. It is particularly important to support these managers by creating a transparent framework that explains their role and the principles to be followed. The Zumtobel Group is convinced that managers carry the corporate values throughout the company by serving as role models and ambassadors. They are also the key to designing the lived culture. But what behaviours can be derived from the three corporate values – passion, performance and partnership – for managers? To make this more tangible, the values in the Zumtobel Group's management model were translated into three core management principles: inspiration, contribution and humanity. These three key terms form the framework for the behaviour of all managers in the Zumtobel Group and for the desired management culture. The LIGHT competence model was developed to link the skills and behaviour of the Zumtobel Group's employees with the company's desired performance results. Each of the five dimensions of the model contains a section entitled "leader's plus" where the expectations on managers are explained and the importance of management for the company is emphasised. The management principles are derived from the Zumtobel Group's corporate values, while the LIGHT competence model provides detailed behavioural guidelines for managers to define the level for desired management behaviour. Meeting this goal is a continuous challenge, and leadership excellence training is therefore directed to strengthening this behaviour in daily management activities and aligning it with the management principles.

With the leadership excellence programme, the people development department offers numerous training alternatives in a global framework for managers in the Zumtobel Group. This offer consists of two modules: leadership base and leadership excellence. Leadership base follows a strictly standardised approach and is essential for all Zumtobel Group managers, while leadership excellence is individually focused on experienced managers.

Apprenticeship training

The Zumtobel Group views training for young people as part of its social responsibility. As of 30 April 2024, 78 apprentices in Austria (89 globally) were employed by the Zumtobel Group. This company-based professional education is an important instrument to actively address the growing shortage of skilled workers that has resulted from demographic shifts. Apprentice training is therefore an essential part of human resources policy. The apprentices are given the opportunity to gain experience and to learn from their mistakes. The trainers serve as coaches, mentors and supervisors.

The Zumtobel Group is passionate about supporting young people in becoming highly trained specialists. A special focus is placed on well-founded professional education and the improvement of social skills. In 2023, these efforts were recognised by the province of Vorarlberg for the tenth time in succession with the "Excellent Apprenticeship Company" seal. The portfolio of apprenticeship training programmes was further expanded in autumn 2023 to include surface technician with specialisation for power coating and hand painting. A sustainability workshop for these young people was also held in 2023/24 to convey an understanding of the importance of sustainability and to merge this understanding with daily work.

Apprentices are currently training in the following fields:

- >> Electrical engineering with a focus on systems and industrial engineering as well as automation and process control engineering
- >> Plastics engineering
- >> Mechatronics with a special automation and production engineering module (dual academy) and a special robotics module
- >> Information technology with a focus on systems engineering
- >> Surface technician with specialisation for power coating and hand painting (since autumn 2023)
- >> Operating logistics (beginning in autumn 2024)

New apprenticeship: surface technician with specialisation for power coating and hand painting.

The field of surface technology is also characterised by a growing lack of specialists, and this trend led to a decision by the Zumtobel Group to offer an apprenticeship in this area beginning in 2023/24. It is intended to specifically increase technical know-how and safeguard the long-term development of specialists. Surface technology deals with the processing and refinement of metal, aluminium and plastic surfaces, whereby the main objective is surface preservation for the luminaires (against rust corrosion, protection against mechanical and chemical damage).

Leadership excellence programme

89 apprentices in education

Excellent apprenticeship company award for the 10th time

Trainee programmes

The trainee programme is an important component of internal human resources development and a central lever to counter the lack of specialists. It also helps to strengthen essential skills. The Zumtobel Group is proud that many former trainees now hold key positions in the company and can make an important contribution to designing the sustainability strategy. The success of these programmes has strengthened plans to increase the use of this channel – and the offering was expanded accordingly in 2023/24. A framework was created to allow the various units and corporate areas to implement trainee programmes. The initiative follows a push-to-pull approach, is focused on specialised trainee programmes and ranges from semi-standardised to specially tailored programmes. Global HR is responsible for the management and organises the content design and coordination with the respective business areas.

The trainee programme is directed to talented university graduates in order to give them the capabilities and experience they need to take on responsible positions in the company. In addition to content focal points, the programme includes interdisciplinary exchanges and cooperation between the trainees and various departments. Trainee programmes were offered for the following areas in the 2023/24 financial year:

- >> Corporate IT
- >> Brand & portfolio management for the lighting brands
- >> Research & development for the lighting brands
- >> Research & development for the software competence centre (Tridonic)
- >> Corporate finance

Employee reviews

Employee appraisals as the key to good cooperation

The annual employee reviews are an important building block in the interaction between employees and their supervisors. These discussions form the basis for the identification of targeted, individualised training and continuing education measures and create a common understanding for corporate values, behavioural standards and importance of the corporate strategy. These reviews also provide an opportunity for employees and their supervisors to openly reflect on the employment relationship. In addition to operating issues, the trusting cooperation between managers and their staffs is strengthened. Mutual expectations are coordinated, honest feedback is provided and the future cooperation is precisely defined. Transparency and meeting “at the same eye level” are the focus here.

The importance of the employee reviews is underscored by the high number of discussions which were planned for 2023/24: This goal was not only met but exceeded. Documented annual reviews were held with 4,918 employees (88.1%; 2022/23: 5,023 employees or 86.2%).

Employee reviews	Units	2019/20	2020/21	2021/22	2022/23	2023/24
Employee reviews	Number	4,416	4,507	5,171	5,023	4,918
Share of total employees	in %	73.1	78.4	88.6	86.2	88.1
Salaried employees	Number	2,863	2,882	3,296	3,420	3,350
Male	Number	2,073	2,072	2,362	2,432	2,394
Female	Number	790	810	934	988	956
Wage employees	Number	1,553	1,625	1,875	1,603	1,568
Male	Number	732	786	914	812	732
Female	Number	821	839	961	791	836

Employee development

The above-mentioned annual employee reviews are an important part of the human resources development process. This global process with annual talent review meetings and focal point conferences provides an opportunity to define potential and performance at all levels of the Group and ensures that all employee evaluations are objective, consistent and fair.

Focused talent management

The objective of the process is to identify employees' inactive potential and to develop this potential through appropriate measures. In this way, employees are given an opportunity to develop their full potential. Top talents and ambitions for a higher role in the company are identified and the next career step can then be prepared. This process also forms the basis for succession planning. Another focal point of the HR development process is the identification and reduction of the exit risk associated with key persons and high performers through specific retention measures.

The HR development process makes it possible to systematically identify and continuously develop idle potential in the company. This benefits the entire organisation as well as individual employees. The process is intended to identify, develop and sponsor talents within the organisation. Through specially designed training measures, the company wants to create an environment in which talents can flourish to safeguard its long-term success.

Employment and employment trends

The Zumtobel Group had a workforce of 5,349 employees (full-time equivalent, FTE, including contract workers) as of 30 April 2024. This represents a year-on-year decline of 2.8% (30 April 2023: 5,503). Part-time employment for parents, educational leave, sabbaticals or other models are arranged where needed and permitted by the respective position. The number of part-time employees increased slightly from 8.1% in the previous year to 8.5% in 2023/24.

Approximately 50% of the employees work in operational areas like direct production, quality management, procurement or logistics. A further 30% are active in sales and roughly 10% in research and development. The remaining employees include nearly 9% in administrative functions and 2% of contract workers. The flexible use of temporary workers enables the Zumtobel Group to manage volatile phases of capacity utilisation and order peaks more effectively. Temporary workers are deployed in the Zumtobel Group in production or production-related areas. The type of work performed by temporary workers relates primarily to manual support activities in the assembly of luminaires and components, as well as simple transport work in the area of in-plant logistics. Roughly 85% of the employees work in Europe, followed by 11% in Asia, 2% in Australia and New Zealand, 1.5% in America and 0.1% in Africa.

The average length of employment with the Zumtobel Group equalled 10.9 years in 2023/24. This high average service time reflects the trust of employees and high employee satisfaction. This length of service is also evident in the age structure as shown in the respective table.

Labour productivity – calculated as adjusted EBIT in relation to personnel expenses – improved from 21.7% in the previous year to 12.2% in 2023/24 due to the increase in operating results.

Average revenues per employee (including contract workers) rose year-on-year to EUR 210,662 in 2023/24 (2022/23: EUR 219,731).

Employee turnover (excluding contract workers) in the Zumtobel Group declined substantially from 17.4% in 2022/23 to 13.2% in 2023/24, which means 734 employees left the company during the reporting year. The positive, declining trend in employee turnover can be attributed to various measures such as the implementation of measures from the employee survey, leadership training and exit and onboarding surveys.

A total of 603 positions (FTE, excluding contract workers), above all in the operating areas and sales, were filled with external candidates in 2023/24. Various human resources development measures made it possible to fill 78% of the management positions internally.

Employees by functional area	Unit	2019/20	2020/21	2021/22	2022/23	2023/24
Employees ¹ total	FTE	6,039	5,813	5,782	5,503	5,349,7
Change	in %	2.7	(3.7)	(0.5)	(4.8)	(2.8)
Production	FTE	3,018	2,860	2,861	2,725	2,562
Research and development	FTE	551	563	538	533	532
Sales	FTE	1,829	1,733	1,714	1,671	1,521
Administration	FTE	472	473	447	473	486

¹ Excluding apprentices

Employees by region	Unit	2019/20	2020/21	2021/22	2022/23	2023/24
Europe	in %	82.7	83.2	82.8	84.9	84.9
Asia	in %	13.5	12.9	13.4	11.3	11.5
Australia & New Zealand	in %	2.2	2.2	2.1	2.1	1.8
America	in %	1.7	1.6	1.6	1.6	1.5
Africa	in %	N/A	0.1	0.1	0.1	0.1

New employees	Unit	2019/20	2020/21	2021/22	2022/23	2023/24
New employees ¹	FTE	1,080	679	1,048	823	603.8
Male	FTE	674	433	699	512	367.8
Female	FTE	406	246	349	311	236
< 30 years	FTE	445	290	394	280	223.7
30 - 50 years	FTE	592	339	585	470	309.8
> 50 years	FTE	43	50	68	72	70.3
Europe	FTE	621	381	735	558	479
Asia	FTE	438	273	288	237	110.8
Australia & New Zealand	FTE	9	11	13	10	3
America	FTE	11	14	11	18	11
Africa	FTE	1	0	1	0	0

¹ Excluding contract workers

Employee turnover ¹	Unit	2019/20	2020/21	2021/22	2022/23	2023/24
Number of terminations ²	FTE	1,014	977	1,059	954	734
Male	FTE	646	618	730	629	310
Female	FTE	368	360	328	326	424
< 30 years	FTE	324	291	293	260	148
30 - 50 years	FTE	533	509	593	535	392
> 50 years	FTE	157	177	173	159	194
Europe	FTE	551	574	712	617	552
Asia	FTE	430	367	313	301	146
Australia & New Zealand	FTE	14	16	17	18	23
America	FTE	19	18	17	19	13
Africa	FTE	1	2	0	0	0

¹ Excluding contract workers

² Definition according to GRI: Salaried employees who leave the organization voluntarily or due to dismissal, retirement, or death in service; Parental leave is not included as part of employee turnover; Termination based on reasons - termination by employee or employee, consensual termination, expiration of contract, natural causes (retirement, death); Calculation of turnover rate = Number of terminations / average number of employees for the period (beginning balance + ending balance / 2) X 100

Employment data - salaried/wage	Unit	2019/20	2020/21	2021/22	2022/23	2023/24
Employees total ¹	HC	6,347	6,051	6,022	5,754	5,619
Salaried employees total	HC	3,924	3,752	3,731	3,723	3,767
	in %	61.8	62.0	62.0	64.7	67
Male	HC	2,809	2,707	2,683	2,644	2,669
	in %	71.6	72.1	71.9	71.0	70.9
Female	HC	1,115	1,045	1,048	1,079	1,098
	in %	28.4	27.9	28.1	29.0	29.1
Wage employees total	HC	2,170	2,042	1,997	1,850	1,674
	in %	34.2	33.7	33.2	32.2	29.8
Male	HC	1,073	1,007	977	881	808
	in %	49.4	49.3	48.9	47.6	48.3
Female	HC	1,097	1,035	1,020	969	866
	in %	50.6	50.7	51.1	52.4	51.7
Apprentices total	HC	83	69	69	78	89
	in %	1.3	1.1	1.1	1.4	1.6
Male	HC	64	54	49	57	65
	in %	77.1	78.3	71.0	73.1	73.0
Female	HC	19	15	20	21	24
	in %	22.9	21.7	29.0	26.9	27.0
Contract employees total	HC	170	188	225	103	88
	in %	2.7	3.1	3.7	1.8	1.6
Male	HC	N/A	125	151	59	59
	in %	N/A	66.5	67.1	57.3	67.0
Female	HC	N/A	63	74	44	29
	in %	N/A	33.5	32.9	42.7	33.0

¹ Including apprentices and including contract workers

Employment data - age structure	Unit	2019/20	2020/21	2021/22	2022/23	2023/24
Employees total ¹	HC	N/A	5,862	5,797	5,651	5,531
< 30 years	HC	N/A	843	786	676	649
	in %	N/A	14.4	13.6	12.0	11.7
30 - 50 years	HC	N/A	3,251	3,231	3,164	3,022
	in %	N/A	55.5	55.7	56.0	54.6
> 50 years	HC	N/A	1,768	1,780	1,811	1,860
	in %	N/A	30.2	30.7	32.0	33.6

¹ Including apprentices, excluding contract workers

Employment data by gender	Unit	2019/20	2020/21	2021/22	2022/23	2023/24
Employees total ¹	HC	6,177	5,862	5,797	5,651	5,531
Male	HC	3,966	3,767	3,709	3,582	3,543
	in %	64.2	64.3	64.0	63.4	64.1
Female	HC	2,211	2,095	2,088	2,069	1,988
	in %	35.8	35.7	36.0	36.6	35.9

¹ Including apprentices, excluding contract workers

Employment data - full-time/part-time	Unit	2019/20	2020/21	2021/22	2022/23	2023/24
Employees total ¹	HC	6,177	5,862	5,797	5,651	5,531
Full-time	HC	5,664	5,423	5,345	5,192	5,060
	in %	91.7	92.5	92.2	91.9	91.5
Male	HC	3,786	3,651	3,586	3,447	3,400
	in %	66.8	67.3	67.1	66.4	67.2
Female	HC	1,878	1,772	1,759	1,745	1,660
	in %	33.2	32.7	32.9	33.6	32.8
Part-time	HC	513	439	452	459	471
	in %	8.3	7.5	7.8	8.1	8.5
Male	HC	146	116	123	135	143
	in %	28.5	26.4	27.2	29.4	30.4
Female	HC	367	323	329	324	328
	in %	71.5	73.6	72.8	70.6	69.6

¹ Including apprentices, excluding contract workers

Employees by functional area	Unit	2023/24 ¹
Employees ¹ total	FTE	5,531
Change	in %	2,625
Production	FTE	172
Research and development	FTE	551
Sales	FTE	1,565
Administration	FTE	529
Apprentices	FTE	89

¹ Information is provided for consistency and the transition to CSRD

1.2.4.3 Diversity & equal opportunity (material topic)

Diversity management in the Zumtobel Group is responsible for creating an inspiring working climate for employees and for its important contribution to protecting the Group's competitive position along the entire value chain.

The goal is to establish an organisational culture in which people and the company can develop and progress. The Zumtobel Group develops long-term relationships with many different groups of people, within the company and also along the entire value chain. The men and women employed by the Zumtobel Group come from 79 different nations, whereby the staff at the corporate headquarters in Dornbirn, Austria, represent roughly 61 nations.

**Zumtobel Group
stands for equal
opportunities**

As an equal opportunity employer, the Zumtobel Group rejects any form of discrimination based on social or ethnic origin, gender, sexual orientation, religious conviction or ideology, age, physical or mental capabilities, or other characteristics. Every person is unique, valuable and has individual capabilities. This belief is also reflected in the Zumtobel Group's code of conduct, which prohibits all forms of discrimination. Experience, qualifications and performance form the basis for personnel decisions in all corporate areas and at all management levels.

Diversity & equal opportunity along the value chain

The Zumtobel Group sees its efforts in the interest of diversity and equal opportunity not only in relation to its own workforce, but also along the entire value chain. All suppliers and customers are treated equally.

The implementation of due diligence requirements along the entire value chain marked the first step on the path to greater supplier diversity. The International and Labour Social Standards issued by the International Labour Organization (ILO) represent a legal instrument that was developed by the member groups (governments, employers and workers) to define universal labour principles and rights. The guidelines for the commitment to Convention 100 (equal remuneration for work of equal value) and Convention 111 (prevention of discrimination) are anchored in the Zumtobel Group's code of conduct and in the code of conduct for business partners.

Diversity and inclusion make a central contribution to the success of the Zumtobel Group and to the creation of innovative solutions along the supply chain. Existing and future partnerships with different suppliers and customers give the Zumtobel Group a clear competitive advantage. The expansion of business relations with diverse business partners contributes to a more inclusive and diverse world.

Support for women in the company

The share of women in the Zumtobel Group's workforce declined slightly to 36% in 2023/24 (2022/23: 36.6%). The share of women in management positions equalled 22.4% and increased over the previous financial year (22.2%).

The Zumtobel Group promotes the staffing of management positions with women through internal and external recruiting and human resources development measures. Job vacancies, including positions with management responsibility, are also advertised as part-time positions where possible to create part-time entry opportunities and management functions. The Zumtobel Group recognises that the continuation of existing initiatives and an open approach to new initiatives requires a greater share of women in higher qualified positions.

In order to safeguard its competitive ability and benefit from a wide range of different viewpoints, the Zumtobel Group has set a goal to increase the share of women and, accordingly, their representation in the Group each year.

Women by functional area	Unit	2019/20	2020/21	2021/22	2022/23	2023/24
Women total ¹	HC	2,192	2,143	2,142	2,092	1,993
Female contract workers	in %	N/A	2.9	3.5	2.1	1.5
Production	in %	N/A	58.6	58.4	57.8	55.0
Research and Development	in %	N/A	4.0	3.8	4.2	4.5
Sales	in %	N/A	22.1	22.6	23.1	22.6
Administration	in %	N/A	12.4	11.8	12.8	14.0

¹ Excluding apprentices

Women in management positions	Unit	2019/20	2020/21	2021/22	2022/23	2023/24
Management positions (total)	HC	824	818	813	802	794
Women in management positions	HC	163	151	175	178	178
	in %	19.8	18.5	21.5	22.2	22.4
Top management (managing director/board member)	HC	0	0	0	0	0
Senior management (division manager)	HC	5	5	5	7	7
	in %	8.9	8.5	9.4	13.0	14.0
Middle management (e.g. department head)	HC	25	29	39	37	39
	in %	10.9	12.6	16.4	15.5	16.9
Others (e.g. team leader, overseer)	HC	133	117	131	134	132
	in %	24.8	22.2	25.2	26.5	25.8
Supervisory Board ¹	HC	2	3	3	3	3

¹ The women on the Supervisory Board are not included in the total number of management positions or the number of women in management positions.

Diversity & inclusion

The inclusion of employees with physical or mental impairment has high priority for the Zumtobel Group as an employer, and these employees are actively assisted in their everyday work routine. The Zumtobel lighting plant in Dornbirn has operated a career support programme for over 30 years that helps young people with physical or mental impairment in taking their first steps on the employment market. The aim of this two-year training course is to make the participants fit for the labour market.

The Zumtobel Group also employs people with physical, mental or cognitive limitations in other areas, administration as well as production, who make an important contribution in their respective functions.

Appropriate adjustments are made wherever possible (e.g. additional breaks, seated activities etc.) to help employees with special needs. Managers receive special awareness training and preparation for these situations and are assisted by external persons – for example at the Spennymoor plant, where the Zumtobel Group also employs persons with autism.

The Zumtobel Group is currently working on the preparation of a global strategy for diversity, equity and inclusion to optimise diversity within the corporation. Recent months included an extensive evaluation of the current status, with employees participating as part of the process. The results of this evaluation will

Career development for young people with disabilities

represent an important component for the development of the strategy. The overriding goal is to design and implement a global diversity strategy for the Zumtobel Group in the coming financial year as the basis for a clearly defined schedule of measures and actions.

The Zumtobel Group has implemented various measures in support of women, diversity and inclusion. Following are a few examples:

- >> Personal skills, experience, know-how and capabilities form the basis for evaluating qualifications during the recruiting process and in personnel decisions. The equal treatment of genders is strictly observed.
- >> The Zumtobel Group uses a standardised remuneration structure that is based on job descriptions and appraisals to ensure transparent and performance-based remuneration in line with equal opportunity (equal opportunity employer).
- >> The Zumtobel Group puts measures in place to improve the work-life balance. Part-time employment, educational leave, sabbaticals, parental leave for fathers, home office options or other models are arranged where needed.
- >> The Zumtobel Group received the quality seal as a family friendly company ("Ausgezeichneter familienfreundlicher Betrieb 2024–2025") from the province of Vorarlberg and ZG Lighting Austria was re-certified as a family-friendly employer.
- >> The headquarters has organised cooperation programmes with local day-care centres in Dornbirn which give preference to the children of Zumtobel Group employees.
- >> The Zumtobel Group creates a greater awareness for gender equality with campaigns on International Women's Day.
- >> A Group policy on human rights underscores the Zumtobel Group's commitment to the respect for and advancement of human rights in all business activities.
- >> The first steps to create a greater awareness for bias were taken during the past year in connection with management training.

Partnerships with diverse/various suppliers

The Zumtobel Group maintains partnerships with suppliers that meet the defined diversity and equal opportunity criteria.

One example is the partnership with "Geschützte Werkstätte Integrative Betriebe Tirol GmbH" (gwtirol), which is a member of "die integrativen betriebe österreich" (dib). Of the 300 employees in the gwtirol workforce, 84% are people with disabilities. The Zumtobel Group has an annual framework agreement with gwtirol for the production of pallets and wooden interlayers for internal transport logistics. Roughly 11,000 pallets and 70,000 wooden interlayers were ordered for the production facilities in 2023.

The Zumtobel Group also maintains business relationships with the local "Kaplan Bonetti gemeinnützige GmbH". This company supports people in crisis situations and accompanies them into a stable life with participation in society. The Zumtobel Group orders various services from the company, among others, cleaning for work clothing, the processing of protective edgings and assistance for bicycle campaigns (for example, bicycle cleaning). Through these many different partnerships, the Zumtobel Group makes an important contribution to strengthening social cohesion and to improve diversity and equal opportunity.

Employee rights and remuneration programme

The Zumtobel Group follows a uniform approach for the design of remuneration structures, processes and systems. This ensures transparent and performance-based compensation based on equal opportunity (equal opportunity employer).

- >> The wages and salaries paid by the Zumtobel Group generally exceed the legally required minimum in all countries.
- >> In Austria, the remuneration paid by the Zumtobel Group largely reflects the legal level, respectively the level set by the collective agreement for the electrical and electronics industry.
- >> A standard market salary and job evaluation system focused on objective criteria for the respective function ensures that all employees are treated equally and in line with the market.
- >> Internal salary comparisons and external evaluations with competitors based on market data are used to confirm the fair and competitive structure of wages and salaries.

Employees who are eligible to participate in variable remuneration programmes but not covered by another remuneration scheme are evaluated for the one-year or short-term component (short-term incentive, STI) based on the attainment of central financial goals for the Zumtobel Group together with an individual component. This includes the explicit inclusion of ESG targets: This emphasises the Zumtobel Group's focus on long-term, sustainability-oriented action.

Variable remuneration programme with sustainability targets

- >> The ESG goals for the 2023/24 financial year include, among others the reduction of CO₂e emissions, an increase in the internal recycling rate, follow-up on the employee survey and the introduction of reporting standards.
- >> The EBIT margin (formerly: adjusted EBIT) serves as a central financial performance criterion.
- >> The performance criterion "free cash flow" still has high priority for the Zumtobel Group and therefore remains in the STI.

For top management employees who are covered by the LTI (Long-Term Incentive, LTI), a performance cash plan with a standard market performance period of four years was introduced. Similar to the Executive Board, for which this was already introduced in 2022/23.

- >> Relative total shareholder return (TSR) remains part of the performance criteria. However, the Supervisory Board decided to use the STOXX® Europe 600 Industrial Goods & Services in place of the previous comparative group to place the evaluation of capital market performance on a broader and more stable base of relevant, similar companies which is easier to calculate and can be publicly verified.
- >> In addition to the relative TSR, revenue growth was implemented as a second performance criterion to strengthen the focus on capital market performance and on the attainment of the Zumtobel Group's long-term strategic goals.

The ratio between the annual total remuneration of the highest paid person in the organisation (CEO) and the average of the annual total remuneration of all employees in Austria is 19:1. In the calculation for the ratio of the annual total remuneration, the average rather than the median was used. The Austrian workforce had a median percentage increase in pay of 11% in 2023/24 compared to 2022/23, while the CEO's pay remained constant.

Income levels between men and women

The Zumtobel Group is committed to ensuring fair and gender-equitable payment. To meet this goal, compensation structures are regularly reviewed to identify and eliminate possible inequalities.

The Zumtobel Group recognises that income levels between men and women represent a worldwide problem that can have a negative influence on the workplace culture, employee satisfaction and, in the end, organisational performance. Reporting on the income ratio between men and women is based on aggregated data and an analysis of the remuneration structure by gender.

In view of the internal efforts to promote gender equality and eliminate discrimination at the workplace, the Zumtobel Group is undertaking additional measures. They include the development of a comprehensive diversity, equity & inclusion (DEI) strategy which is directed to creating an inclusive and fair working climate in which diversity is valued and respected. Through concrete measures and guidelines, the strategy aims to fight discrimination, promote equal opportunity and establish a culture of inclusion. The Zumtobel Group believes in creating a diverse and integrative working environment in which all employees are able to develop their potential.

The Zumtobel Group is committed to working continuously to eliminate gender inequality at the workplace and in society. The corporation strives to report transparently on its progress and challenges relating to the income ratio between men and women, while protecting the principles of gender equality and fairness. For Austria, the Zumtobel Group has an income difference of 16.21% for women.

Social dialogue – employees & employer

As an employer with a corporate culture that has grown over many decades, the Zumtobel Group accepts social responsibility for its employees throughout the world and works continuously to improve responsible working conditions.

The Zumtobel Group encourages the open and regular exchange of information between the Management Board, employees and employee representatives like the Works Council. In addition to the local employee representatives, the works councils in the European Union have established a European Works Council. A European forum is held each year, and the European Works Council Committee meets every six months. These meetings set the stage for a dialogue between employers and employee representatives based on cooperation in good faith and the exchange of information on economic and social issues. Compliance with the legal participation rights of employees and the principles and standards defined by the International Labour Organisation (ILO) is anchored in the Zumtobel Group's code of conduct.

1.2.4.4 Occupational safety, health and well-being (material topic)

The success of the Zumtobel Group is based, last but not least, on qualified, committed and motivated employees. The occupational safety, health and well-being of the employees was identified as a material topic for the Zumtobel Group. It has high priority and is the focus of continued improvement as part of the global "LIGHT UP" HR strategy.

Work accidents, illness and voluntary turnover are addressed with targeted measures for prevention, healthcare and reintegration through projects, initiatives, tools and processes. Specially designed measures are implemented to continuously improve occupational safety and employees' physical and mental health. Central and local structures are established for this purpose and integrated in existing organisations based on a "health in all policies" approach. The related activities are the responsibility of local safety officers and health management, which reports to the human resources department.

The Zumtobel Group's comprehensive operational health management programme is based on three pillars: worker protection legislation, workplace health promotion and integration management. Leadership and management behaviour play an important role in the implementation of the related measures, where they can rely on the integrated "ZG Health" central health management system. In connection with the ISO audit in November 2023, the BGM's three pillar model was identified as one of the most important strengths. These three pillars cover:

- >> PROTECT: worker protection
- >> SUPPORT: workplace health promotion
- >> RESTORE: integration management

The plants regularly exchange information to evaluate and analyse current issues, define goals and exchange their experience with previously implemented measures to protect, maintain, support and restore employees' health and working ability. The meetings in 2023/24 defined indicators for sick leave rates, absence days and incidents, whereby each plant set annual goals for sick leave rates A (with long-term sickness absence) and B (without long-term sickness absence).

A base-year survey was carried out to establish a global standard for workplace health management in the Zumtobel Group ("ZG Health") in which the respective contact persons were asked to report their activities in all three of the above pillars. The goal is to develop a standardised basic structure at all locations for the regular implementation of specific measures to maintain, improve and promote health and work ability as part of the continuous improvement process.

The production locations in the Zumtobel Group have defined processes to ensure compliance with legal regulations that include the Austrian Labour Protection Act, standards like ISO 45001, and internal directives like the guidelines on occupational safety and health policy, workplace instructions and workplace evaluations. A global reporting system regularly evaluates and analyses occupational safety and health protection indicators, which are subsequently reflected in the definition, implementation and assessment of measures.

Two further lighting brand plants received ISO 45001 certification in 2023/24 for work and health protection: the Lemgo plant in Germany and the Les Andelys plant in France. All producing plants in the Lighting Segment are now certified and part of the matrix. The number of ISO 45001 certifications for Tridonic also increased during the reporting year, while the plant in Spennymoor started the process and received certification.

Management
approach & due
diligence processes

Basic standards for
workplace health
management

ISO 45001
certification

Worker protection

Specific environmental, health and safety guidelines are regularly evaluated by local safety and fire prevention officers at all producing locations. This is done through regular inspections by the safety officer, but also on an ad hoc basis when machinery is relocated or new and adapted workplaces are created in order to evaluate potential occupational safety risks. The primary goal is to prevent accidents and identify work-related risks or dangerous situations.

Near miss reports

Employees can report potential dangers or near accidents through a formalised procedure for the documentation and prioritisation of risks and the implementation of preventive measures. Employees without PC access can register reports through their managers. Concerns can also be entered anonymously via the whistle-blower system, via the safety officer or the safety confidant.

Employees are required and have the right to immediately interrupt activities, tasks and work processes if they do not appear to be safe or do not meet safety requirements. Work will only continue after the safety officer has examined the situation and safety is ensured.

Measures are implemented on a continuous basis to increase workplace safety and include employee training, improvements to protective clothing, and the maintenance of machinery. Accident prevention and the protection of employees' health are the subject of discussions in regular formal employee safety committees (ASA). In Austria, this covers 100% of the workforce; globally, this is part of the survey of basic standards for occupational health and safety management.

Employee representatives like the Works Council are included at many locations on issues involving occupational safety, e.g. occupational safety committees or workplace evaluations. Employees can submit suggestions for improvement at any time which are evaluated and, if feasible, implemented.

Complete instruction at the workplace and machines

All employees and contract workers receive occupational safety instructions for machines, workplaces and activities at the start of employment as well as specific directions for their respective positions and the handling of machinery and equipment. Additional occupational safety training is scheduled as required, e.g. for testing or load securing. The requirements and procedures as well as all important documents on occupational safety and health protection are available in an internal communications network.

At the lighting plant in Dornbirn, comics and comic films on safety are released every two months under the name "Lighti". Management introduces every new release at one of the daily stand-up meetings. "Lighti" creates an awareness for dangers and preventive measures with non-verbal means and can be understood by all employees regardless of their native language.

Personal protective equipment (PSA) also for external service providers

These safety rules also apply to non-company personnel such as external service providers, visitors, etc., who receive instructions on entering the site. In addition, protective clothing such as safety shoes and high visibility waistcoats must be worn in all production and storage areas. External service providers are informed of the need to comply with legal requirements and confirmations are obtained on an ad hoc basis.

The offering of occupational medical services varies from country to country. Company physicians/occupational physicians are available to employees at all locations or these services are provided by external specialists. Consistent with the commitment to equal treatment, contract workers in the Zumtobel Group have the same access to occupational medical services and health protection programmes as regular employees.

Depending on their location, employees can take advantage of occupational medical services that include, for example, ergonomics advising, audiometric examinations, vaccinations, vision tests (also for computer glasses) or psychological assistance.

Regular coordination meetings are held by the prevention team at the lighting brands location in Dornbirn. This interface allows for better coordination between the occupational physician, safety officers, Works Council and health management. Representatives from quality management, plant management or other experts are included as needed.

Ergonomics represented a special focus of on-site inspections in 2023/24. The correct ergonomic positioning of work equipment and the correct posture of employees was examined in all production areas and office workstations during this process. The occupational physician and security personnel in Dornbirn then issues instructions for employees and equipment technicians. As part of the occupational health and safety programme, an ergonomic project was implemented and rolled out globally.

Activities in the area of worker protection during 2023/24 also covered the legally required evaluation of mental stress at all locations in Austria. In Dornbirn, the evaluation was combined with a survey on workplace health promotion. Industrial psychologists then formed ABS groups to develop appropriate measures. The survey to evaluate mental stress in the other Austrian locations was carried out online, and the necessary measures will be implemented in the individual locations.

Operational reintegration management

A reintegration process helps employees return to work after a longer illness, subject to health-related constraints (e.g. limits on daily working time or adaptation of the job content, etc.). An internal integration team accompanies this process.

In addition to reintegration discussions after longer sick leave, the location in Dornbirn introduced "health talks" as a pilot project to assist employees after brief or recurring illnesses. In the European plant locations, health talks are held after absence. Managers receive special training in preparation for these conversations. The goal is to positively influence employees' health and working capability and to jointly evaluate measures to increase employees' health, work satisfaction and motivation and, in the end, to prevent long-term sick leave. Plans call for the roll out of this process as part of the global leadership programme after completion of the pilot phase in Dornbirn. The guideline for these health talks (H-I-L-F-E-concept) was prepared together with managers and representatives of the Works Council together with an external consultant.

H-I-L-F-E-Concept:

- H Hinsehen/Be aware
- I Initiative ergreifen/Take the initiative
- L Leitungsfunktion wahrnehmen/provide leadership
- F Führungsverantwortung übernehmen/ Accept management responsibility
- E Experten hinzuziehen/Call in the experts

The project "health promotion dialogue" was transferred to the health management system in 2023/24. It notifies managers of the need for a health promotion discussion under defined circumstances. The project will be rolled out globally after a pilot phase in Dornbirn (Group AG, Lighting GmbH and Tridonic) and the related training will be included in the basic leadership programme. Discussions with employees on their return to work after an illness have followed different methods in the European plants up to now. The number of discussions held together with the defined sick leave indicators are reported at the monthly occupational health review meetings.

Workplace health promotion

The Zumtobel Group is committed to an active occupational safety and health policy. Good management has a significant influence on health and the ability to work:

- >> Managers are responsible for the implementation of health management in the company.
- >> Through their (management) behaviour, managers influence the health and well-being of their employees.
- >> Managers are, themselves, exposed to substantial mental stress.
- >> Managers serve as a role model: They must demonstrate their commitment to health.

Pilot project in Dornbirn

The Zumtobel Group and the Austrian state health insurance company have started a three-year pilot project for workplace health promotion at the location in Dornbirn. The goal is to create a greater awareness among management and employees for issues related to health in the company.

The project will include an employee survey on issues like work assignments, the organisational climate, work organisation, the working environment, management, cooperation, work satisfaction, rest and recuperation, nutrition, exercise and the evaluation of mental stress. Target values were defined for the respective subject areas in the follow-up survey, and measures were developed to reach these goals – in part, detailed for each department. Detailed action plans were prepared for Zumtobel Lighting, Zumtobel Group AG and Tridonic.

Measures to support occupational health

Various measures were implemented at the Zumtobel Group's locations in 2023/24 to improve occupational health and include, for example, the pilot project in Dornbirn:

- >> Courses for **first aid helpers**
- >> **Exercise:** Company sport club with various sections, backing for participation in runners and cycling competitions, reduced membership fees in local fitness studios and sport courses
- >> **Communication ZG Health:** A separate page was installed on the "INlight" Intranet for communication on ZG-Health; it explains the principles of occupational health management and provides reports on surveys, results and individual measures.

- >> **Industrial psychology:** The industrial psychology offering on issues involving mental health was expanded in November 2023 to include a greater number of consultation hours with an industrial psychologist and appointments for stress measurement; all available appointments have been booked to date. From January to April 2024, 59 persons registered for stress measurements at the pilot project location in Dornbirn (Schweizerstraße). Regular stress measurements as part of industrial psychology activities are also offered at Tridonic's Färbergasse location.
- >> **Vision tests:** In September 2023, 24 persons took advantage of an industrial medicine offer for eye examinations in the Schweizerstraße.
- >> **Vaccination campaigns:** 60 persons took advantage of the influenza vaccination in autumn 2023, and 30 persons registered for the FSME vaccination in spring 2024.
- >> **Movement and relaxation:** Two yoga courses, each with 15 participants, were in progress during the winter semester 2023 and the summer semester 2024 (60 participants in total since the beginning).
- >> **Health day:** On the occasion of World Health Day, the Zumtobel Group held a health day on 9 April. Health-related activities took place at many of the company's international locations. The health day at the location in Dornbirn included different stations (body check, addiction prevention, lung function tests, workshops on nutrition, exercise, relaxation and giving up smoking).
- >> **Optimisation of the canteen:** QR codes were added to the rating buttons to improve the quality of and satisfaction with the lunch offering. Detailed feedback and suggestions for improvement to the menus are now possible. This feedback is collected regularly by the chef and incorporated where possible.
- >> **Upgrade to the company physician's office:** New furnishings/equipment and redesign of the office to create a more pleasant atmosphere.
- >> **Ergonomics:** The occupational physicians gave instructions on ergonomically correct posture and the correct adjustment of workstations during their on-site workplace inspections. Courses were also held on ergonomical posture for office and production workplaces and their adjustment.
- >> **Videos with movement exercises:** In cooperation with students at the Tyrol Technical College, short videos with simple exercises for break times were produced. They were posted in the internal communications network and also run on screens in the production area. To familiarise employees with the exercises, the health manager held a demonstration in each department.

Global measures resulting from the local measures implemented in connection with the Dornbirn pilot project:

- >> Zumtobel Group well-being calendar with global tips and campaigns in the INlight internal communications network
- >> Short videos on exercise breaks produced and posted in INlight and the screens in the production area

Measures at other locations:

- >> Local initiatives, e.g. information on stress reduction, high blood pressure, men's health and breast cancer; tips to improve mental health and relaxation as well as blood donation campaigns and throat examinations for smokers.
- >> The following activities took place at the Spennymoor plant: an employee commitment survey, absence reports, sports and socials (quarterly townhall meetings, team-building events by the sport and social club, friendly get-together after work) as well as training and development.
- >> The following activities were offered at the Les Andelys plant: prevention of musculoskeletal disorders (identification or risks to employees as the basis for preventive measures) and psychosocial risks (establishment of a working group together with an occupational psychologist), support for relaxation (project to set up a relaxation room for use during lunch-time breaks).

- >> The following activities were offered at the plant in Niš: dermatological examinations by a health provider, blood donation day, hiking, company running event, tree planting campaign.
- >> The following activities were offered at the Lemgo plant: Subsidies for participation in fitness and sport courses, bicycle campaign.

Work accidents, injuries & lost time due to illness

The LTI rate is calculated monthly at all plants (Lost Time Injury: *number of work accidents with lost time >8 hours x 1,000,000 / Total hours worked*). In the Zumtobel Group, the LTI rate increased from 3.7 in the previous financial year to 4.8 in 2023/24 and failed to completely reach the LTI goal of 4.0. The number of lost time cases rose from 22 to 26, but the goal of 27 lost time cases was met. In the components plants, the number of lost time cases rose from seven to nine, but remained below the goal of 11. The LTI rate in the components plant increased to 3.9 (2022/23: 2.5) and also failed to meet the goal (3.1). In the lighting plants, the good result of the previous year was not quite matched; the number of lost time cases was 17, two more than in the previous year, but in line with the defined target. The LTI rate equalled 5.5 (2022/23: 4.6) and met the 5.0 goal. The accident severity indicator (*number of days lost x 1,000,000 / Total hours worked*) increased from 42 in the previous year to 119 in 2023/24. In total, six lost time cases were responsible for more than 24 days lost but all employees were able to return healthy to work after their recovery.

Occupational safety/accident rate	Unit	2019/20	2020/21	2021/22	2022/23	2023/24
Number of hours worked by employees	Hours	5,990,381	5,405,699	5,963,163	6,021,128	5,404,264
Number of recorded accidents ¹ Lighting Brands	Number	59	29	34	15	17
Number of recorded accidents ¹ Components	Number	6	4	16	7	9
LTI rate Lighting Brands		10.1	9.2	9.3	4.6	5.5
LTI rate Components		2.3	1.7	5.8	2.5	3.9
LTI rate Zumtobel Group		6.3	5.9	7.7	3.7	4.8
TRI rate Lighting Brands		18.6	9.5	10.6	5.9	8
TRI rate Components		6.0	4.0	5.8	3.2	4.8
TRI rate Zumtobel Group		10.9	6.1	8.4	4.7	6.7
Number of fatal accidents	Number	0	0	0	0	0
Accident severity Lighting Brands	N/A	N/A	101	66	92	
Accident severity Components	N/A	N/A	71	15	154	
Accident severity Zumtobel Group		58	69	87	42	119

¹ Recorded accidents = Accidents which result in more than 8 hours of lost working time; Accident rate = Reportable work accidents / Number of hours worked x 1,000,000

The most frequent injuries at the Group level were cuts, followed by bruises and contusions. The sequence of every accident and its causes are analysed in detail. Based on these findings, the necessary steps are taken to improve the safety of employees. There were no fatal accidents in 2023/24 or in earlier years.

The reduction in the number of work accidents and, accordingly, the improvement in the accident rate is the result of a structured and sustainable approach to improving occupational safety. Through the FOCUSED strategy, the health of the workforce is anchored as a key factor in the Zumtobel Group. The development and successful external certification of an occupational and health management system according to the international ISO 45001 standard created the necessary structure to continuously improve occupational safety in the Zumtobel Group. The lighting plants in Lemgo and Les Andelys implemented an occupational and health management system which was successfully certified under ISO 45001 in 2023/24.

The four major building blocks of occupational safety in the company are the establishment of a safety culture, workplace evaluations under the STOP principle (S – Substitution: elimination of all risks, T – Technical solutions to minimise risk, O – Organisational measures to minimise the effects of dangers and threats, P – Personal protective equipment and employee training), the near miss system, and the continuous improvement process. Workplace evaluations ensure that the workstations are professionally set up and safe. The near miss system, which is installed in all European production locations, systematically identifies and eliminates potential risks for work accidents. The participation of all employees is important to enable the identification of such risk situations in all areas. In the lighting brands plans in Europe alone, 533 near accidents were identified, documented and systematically eliminated by employees. The continuous improvement process represents a structured method to analyse the identified potential dangers, pinpoint the causes, take immediate action, and implement sustainable corrective and preventive measures.

The technical safety equipment at various machines, aggregates and manual workstations was improved, a lockout/day-out procedure was introduced for machinery and aggregate maintenance, the personal protective equipment for employees working in metal processing and coating was optimised, a safety first campaign was carried out and special training programmes on occupational safety were held.

Monthly safety review meetings are held by the lighting brand plants and at the Tridonic plants. They are attended by a member of the Management Board, all plant managers and the designated occupational safety officers from the plants. Key indicators for the locations are presented, work accidents and near accidents are explained, the related improvement measures are shared, and ideas for further improvements are exchanged.

The company's clear goal is to continuously reduce the LTI rate over the coming years, to establish a pronounced safety culture, and to emphasise preventive training and the near miss system in order to prevent work accidents. The goal for the LTI rate in 2024/25 has been set at 3.9. Information on sick leave trends is collected on an anonymous basis at all major Zumtobel Group locations (in Europe) and documented according to the underlying illnesses and sick leave rates. The Zumtobel Group has set a goal for the Lighting Segment in 2024/25 which calls for sick leave rates of 3.37% (sick leave rate A) and 2.06% (sick leave rate B, excluding long-term illnesses).

A pilot project for workplace health promotion is currently in progress at all locations in Dornbirn in cooperation with the Austrian state health insurance company. It includes in-depth analyses (employee surveys and workshops) to record work-related stress and illnesses. Appropriate preventive measures will then be developed and implemented to counter work-related illness. As part of workplace health management, a sick leave analysis was carried out at all Austrian locations for the 2022 calendar year under the direction of the Austrian state health insurance company. The following illnesses were evaluated:

Number of days absent	Unit	2019/20	2020/21	2021/22	2022/23	2023/24
Respiratory system	Days	N/A	N/A	N/A	2,599	3,001
	in %	N/A	N/A	N/A	14.1	17.96
Musculoskeletal and connective tissue	Days	N/A	N/A	N/A	4,718	5,312
	in %	N/A	N/A	N/A	25.5	31.80
Injuries and poisoning	Days	N/A	N/A	N/A	1,991	1,549
	in %	N/A	N/A	N/A	10.8	9.27
Digestive system	Days	N/A	N/A	N/A	546	393
	in %	N/A	N/A	N/A	3.0	2.35
Mental and behavioural disorders	Days	N/A	N/A	N/A	2,548	2,025
	in %	N/A	N/A	N/A	13.8	12.12
Circulatory systems	Days	N/A	N/A	N/A	338	499
	in %	N/A	N/A	N/A	1.8	2.99
Other diseases ¹	Days	N/A	N/A	N/A	5,738	3,927
	in %	N/A	N/A	N/A	31.1	23.51

¹ Diseases that have been grouped together for data protection reasons

1.2.4.5 Digitalisation in human resources: HR transformation and HR dashboard

Digital transformation in the HR department

The HR transformation project to digitalise all HR processes is another building block in the Zumtobel Group's LIGHT UP HR strategy. Consequent digitalisation in this area will make faster and more effective operations possible and allow the Zumtobel Group to better meet the continuously changing requirements of the modern labour market. Digitalisation will also enable the faster and more precise analysis of HR indicators for data-driven decision-making. Preparatory activities to introduce the SAP Success Factors are accompanied by a series of decisive requirements that are directed to improving HR processes and overall business results. The transparency of HR data through the newly introduced HR dashboard in the SAP Analytics Cloud was essential to create the necessary transparency and accessibility for relevant stakeholders. This transformation also represents an important step to meet the future requirements of the ESRS.

1.2.4.6 Product use, consumers and end users

The European Green Deal together with the new disclosure requirements created by the EU Taxonomy Directive and further expected directives are creating a stronger link between capital and sustainability criteria. For institutional investors like banks, insurance companies and pension funds as well as planners and construction firms, sustainability is becoming a progressively more important issue. Projects viewed as less sustainable will find it more and more challenging to find investors.

These trends pose substantial challenges for the construction branch: In addition to proven sustainable solutions, data administration and use must also be guaranteed. The goal to increase resource conserving construction has raised questions over new construction, and the usage of existing buildings is becoming more important. In this environment, companies along the value chain have implemented sustainability programmes and defined ambitious goals which often support differentiation and go far beyond the legal framework expected today – and to reach these goals, they need the right partners.

Further development of the product and service offering

The lighting industry is in a process of change that has increased the importance of the LED business and led to a stronger focus on intelligent, integrated lighting and services. The result has been a rapidly growing demand for innovative LED-based lighting solutions with comprehensive connectivity and IoT solutions together with integrated service offers.

The development, production and sale of innovative, sustainable products and services therefore represent fundamental building blocks for the sustainable success of the Zumtobel Group over the medium- and long term.

To meet the rising demand and establish new business models, the company is planning to gradually increase its service offering. The first step involves the expansion of conventional light planning and turnkey solutions, where the Zumtobel Group offers a one-stop shop solution for customers. Tridonic has also developed a wide-ranging portfolio of integrated components in recent years that makes it possible to collect and evaluate energy consumption and make this data available to customers.

The upper end of these services is the Lighting-as-a-Service model, which provides the customer with a complete lighting solution from project planning and installation to maintenance over a specific time. The customer receives a state-of-the-art lighting solution that is tailored to meet his or her individual needs.

Integrated components and light management systems

The wired, connectivity standard DALI which has been used in light management for decades was expanded in recent years to include protocols for data transmission from end devices. Wireless interconnected lighting components based on the leading proprietary Casambi standard have also been offered for many years. The first components based on the new wireless standard Matter were introduced in 2023/24 to develop new markets. This new open source communications standard builds a bridge between a smart home ecosystem and intelligent end devices from different producers. As a pioneer for interoperability, the Zumtobel Group was one of the first lighting component producers to offer equipment for this standard. Matter is expected to achieve a dominant position due to the backing of leading technology companies. Cooperation in standardisation committees helps to drive the development of more complex solutions for office and industrial buildings.

Management
approach & due
diligence processes

Service offering:
Lighting-as-a-Service
models

1.2.4.7 Product quality & safety (material topic)

The Zumtobel Group's quality and testing standards exceed legal and normative requirements and are backed and expanded through comparative measurements and procedural validations in cooperation with testing institutes. The Zumtobel Group cooperates with national and international testing institutes that include OVE (Österreichischer Verband für Elektrotechnik), TÜV (Technischer Überwachungsverein), BSI (British Standard Institution), and UL (Underwriters Laboratories). Activities also focus on the increasing use of simulation software (thermal calculations, FEA, Moldflow) which can also be linked to risk analyses.

This helps to reduce the number of hardware tests, while ensuring compliance with the Zumtobel Group's high safety standards. All production facilities in the Zumtobel Group's worldwide network are certified according to the ISO 9001 international standard for quality management systems and ISO 14001 for environmental management systems. All European plants in the Zumtobel Group are certified under ISO 45001 for first-class management systems that cover health and safety at the workplace. The internal testing laboratories for photometry, product safety and electromagnetic compatibility are certified under ISO 17025 and audited by external certification partners. Tridonic's worldwide testing laboratories have received IECEE CTF Stage 3 approval from the Austrian Electrotechnical Association.

REACH conformity and products are evaluated twice each year based on the "substances of very high concern" (SVHC) lists published by the European Chemicals Agency (ECHA). This is accompanied by a continuous evaluation of newly purchased and alternative components (100% raw materials) according to the Restriction of Hazardous Substances Directive (RoHS). CE conformity is also evaluated for every luminaire family and includes a risk analysis for health and safety. Product testing and classification are based on protection classes for luminaires (EN 61140), on the lamp control gear series for components (EN 61347 Serie) and on general lighting for LED modules (EN 62031).

Testing and certification are carried out in the Zumtobel Group's laboratory, which was SMT audited and certified. The company remains on the leading edge of new and changed norms and guidelines for product reliability and standardisation as well as the latest findings on innovative solutions in the electronics industry, among others through its membership in IPC – the Association Connecting Electronics Industries. This platform is actively used as a source of information, for example on the latest requirements. It enables the fast processing of branch information and subsequent integration in corporate structures.

The standardised, centrally defined selling processes are also certified and regulated in management systems. The primary goal is to continuously improve the quality of production and selling processes and product documentation and, in this way, increase customer satisfaction and confidence in the Group's products. The wide range of technical documentation (data sheets, manuals, assembly instructions etc.) includes references to the dangers connected with installation or the use of products.

1.2.4.8 Customer health and safety (material topic)

The health and safety of its customers has top priority for the Zumtobel Group. The effects of all major categories of products and services on customers' health and safety are the subject of a continuous process that includes the evaluation of opportunities for product improvements and documentation as well as processes. The Zumtobel Group is evaluating and preparing for the changes to standard EC 62471-7 (Photobiological safety of lamps and lamp systems – Part 7: Light sources and luminaires primarily emitting visible radiation). The changes involve the emission of the UV and blue light components included in the light source and, subsequently, danger and damage to the human eye and the thermal danger for human skin. The Zumtobel Group's LED modules generally represent risk groups 0 or 1 (in special applications, also risk group 2) and, therefore, do not pose a risk for the human eye.

The emotional impact of light

The term Human Centric Lighting (HCL) covers lighting concepts that focus on the non-visual and emotional effects of light. The project "Activating Light" deals with this subject and offers an LED module that is precisely adapted to the daytime phase of the circadian rhythm. Through a higher component of the spectral energy curve at approximately 480 nm (melatonin suppression), the light has a positive influence on concentration and on the health and well-being of the end consumers. Preliminary studies are working on the optimisation of these lighting solutions with regard to energy efficiency and the scope of the physiological effects.

With Zumtobel SPECTRUM, the Zumtobel Group has created a unique light quality in which the non-visual components reflect the perceptible cooler daylight in a continuous spectral profile. This ensures that actual individual sensitivities are equally considered. People of all ages, especially older generations, can now receive the light that supports and synchronises their circadian rhythm in indoor rooms without sufficient daylight. That helps to improve sleep and works as prevention against illnesses.

In contrast to LED light with maximum visual light yield, the Zumtobel SPECTRUM offers additional radiated power that directly assists the natural simulation of melanopsin-containing ganglion cells without overly burdening the visible spectrum with hardly perceptible deep red and potentially damaging violet components. Zumtobel equipped numerous additional luminaires – for example, LANOS, MIREL, CLEAN II, ONDARIA II and LIGHT FIELDS III – with this pioneering technology during the past financial year as proof of our continuous innovation strength and our commitment to excellent light design.

Parallel to its commitment to optimise light quality with the Zumtobel SPECTRUM, the Zumtobel Group extended its innovation strength in other areas to further improve the well-being of people in indoor rooms. One example is the TRAMAO sound-absorbing pendant luminaire, which provides an effective solution to reducing background noise. The LIGHT FIELDS III product also improves the indoor atmosphere by absorbing sound and, in that way, improving the speech and sound experience. The integration of solutions like DALI and Bluetooth gives these products the ability to flexibly adjust to individual needs and ensure stress-free indoor communication and concentration. A further important factor for productive work is good air quality. Technologies are under investigation to measure the quality of the air and integration in the sensors of building management systems as a means of automatically adjusting ventilation. This technology will become a component of future standards for building certification (e.g. WELL).

An important focal point of the previously mentioned innovations is the contribution of sunlight to the production of vitamin D. These light sources offer possibility to regulate the vitamin D household and are particularly relevant for people who spend a great deal of time in closed rooms. Prototypes for real applications are currently under development, after initial studies have shown their potential to improve health.

Human Centric Lighting (HCL)

Improvement in people's well-being

Solutions for absorbing background noise

Sensors to measure the air quality in indoor rooms

UVB light sources to activate vitamin D

These examples underscore the Zumtobel Group's commitment to holistic well-being and optimised room design.

Disclosure of incidents:

- >> No violations related to the effects of products and services on customer health and safety were identified during the reporting year.
- >> No violations of regulations that would have resulted in a penalty, sanctions or a warnings were identified during the reporting year.

1.2.4.9 Customer satisfaction (material topic)

Customer survey with over 4,500 responses

Customer satisfaction has high priority for the Zumtobel Group, and regular customer surveys are carried out to collect key information. More than 4,500 customers responded to a global online survey in 2023/24, clearly more than in the previous years. This year's focus was again on loyalty and the "customer's voice" to strengthen the two lighting brands and identify opportunities for improvement. The Zumtobel Group's sustainability performance was also analysed.

The survey results show a substantial improvement in brand loyalty for both brands: A good 50% of the customers surveyed would recommend the Zumtobel and Thorn brand. The over 2,500 customer responses provide even more exact information. An analysis of the "customers' voices" showed that the reasons for recommendation are based, above all, on the product (quality, performance). Opportunities for improvement primarily involved process issues in sales and operations. These findings apply to both brands.

The Tridonic customer survey brought positive results and indicated that the brand is associated especially with high quality and good customer service. 84% of the customers surveyed who purchased and/or specified products within the past three years would recommend the component company.

The survey results were again communicated this year to all central areas and the sales regions to give everyone an opportunity to take further actions to improve customer satisfaction.

Numerous trees were planned in connection with these customer surveys. The Wald4Leben project received a donation of €1 for each survey participant, and over 500 trees were planted in Austria during the past financial year alone.

Contribution to reaching sustainability goals

Feedback on the Zumtobel Group's sustainability activities was also collected as part of the surveys. The responses confirmed the selection of the prioritised issues and the related performance was viewed as essential. The Zumtobel Group supports the sustainability activities of its customers with suitable products, services and data. The dialogue with customers and business partners reflects the evolution of the sustainability frameworks as well as upcoming disclosure and due diligence requirements. Central elements in the dialogue include, above all, transparency over current emissions, possible approaches for future decarbonisation and the circular economy. This dialogue has been accompanied by a steady increase in inquiries from customers for comprehensive solutions, including certificates and extensive data at the corporate, solution and product levels. These questions often anticipate – and frequently go beyond – upcoming legal regulations at the customer's request.

Digitalisation also plays an increasingly important role as a scaling factor and is being gradually improved through process innovation and automation in the sense of customer satisfaction. One example of this is interfaces for the transfer of product-specific information. The Zumtobel Group is extensively committed to digitalisation at both the content and systemic level to help its customers reach their sustainability goals. This takes place through extensive cooperation with leading customers and business partners and with the provision of effective solutions, information, data and processes.

Specially developed training programmes help the sales force serve as sparring and implementation partners for demanding customers and to offer targeted solutions that meet customers' needs.

1.2.5 GOVERNANCE

WHERE THERE IS LIGHT, THERE IS ACTION.

Compliance (material topic)

The Zumtobel Group has installed an extensive and responsible compliance management system which is administered by the audit and compliance organisation. For the Zumtobel Group, responsibility means ethical actions, the disclosure of necessary information, the transparent co-design of framework conditions, and the acceptance of responsibility for activities. Corporate audit and compliance is a staff department which reports directly to the Audit Committee of the Supervisory Board and to the full Management Board. This ensures the department's independence within the organisation.

Management approach & due diligence processes

The responsibilities of the corporate audit and compliance department include all precautionary measures to prevent violations and criminal acts. Compliance does not cover the identification or prosecution of criminal acts and violations.

Together with the responsible corporate governance and compliance organisation, the Zumtobel Group coordinates the comprehensive management and monitoring of all business activities. The framework for the design of the corporate governance system is provided by the Austrian Corporate Governance Code in its latest version. This code has been implemented in the Zumtobel Group through the corporate values, the recently revised code of conduct for the Zumtobel Group and the code of conduct for business partners as well as various corporate guidelines and the Group-wide whistle-blower system.

As a listed international company, the Zumtobel Group is committed to transparent and conscientious management and contributes to the continuous improvement of systematic corporate controls. The exchange of information with the Audit Committee was regular and ongoing during the reporting year. This Supervisory Board subcommittee guarantees the necessary independence of corporate governance and compliance.

Goal attainment in 2023/24

The Zumtobel Group met the goals set for compliance in 2023/24. The defined milestones were successfully reached with preparations for the CSDDD, training on the code of conduct (refresher) and training on data protection.

Continuous review and evaluation of risks

The audit plan for 2023/24 was approved by the Audit Committee and executed during the past financial year. The required resources were available, and the audits were assigned to the responsible staff members.

Audit activities during the reporting year focused primarily on legal entities, the sales companies and organisational units. International audits concentrated on the introduction and implementation of the internal control system (ICS) as one of the focal points. The compliance charter of the Zumtobel Group (GP 219) defines compliance as the observance of legal regulations, norms and internal rules of conduct. Compliance risk, consequently, is the risk arising from the failure to comply, for example, with the following points:

>> Applicable laws

which include among others:

- (i) Legal/regulatory risk
- (ii) Fraud risk
- (iii) Money laundering risk
- (iv) Reputation risk
- (v) Financial risks

Corporate compliance is also responsible for identifying, evaluating, monitoring and reporting on the compliance risks to which Zumtobel Group is exposed.

The identified risks were mapped in the Zumtobel Group's compliance management system and preventive measures were implemented through guidelines, work instructions and training to minimise these risks.

Of the Zumtobel Group's policies, 87.5% have been revised and recorded in the internal communications network. The ongoing revision of the remaining 12.5% is managed by the respective departments.

Code of conduct

"GUIDELINES FOR BEHAVIOUR ARE A SOURCE OF ORIENTATION FOR OUR EMPLOYEES."

Mandatory code of conduct for all employees

In its code of conduct (CoC), the Zumtobel Group defines basic guidelines and procedures. These requirements represent general standards for behaviour in social, legal and ethical matters. They provide the members of the Management Board, management and company employees with a binding orientation and regulatory framework for their interaction with each other and with external persons.

CoC refresher 2023 training is a compulsory eLearning course

Based on the widespread introduction and training on the code of conduct in 2021 (95% of all salaried employees have completed this training), a revised version was prepared in 2022/23. It is available to all salaried employees in the Zumtobel Group for refresher training as a compulsory eLearning course. This training has already been completed by 85% of the salaried employees, and the remaining 15% are currently in process or will be assigned in the coming weeks. For teaching purposes, there should be a three-month period between the code of conduct basic training and the e-learning refresher course.

The current version of the code of conduct includes supply chain due diligence requirements as well as a commitment to observe and implement all requirements of the Austrian Act on Corporate Due Diligence in Supply Chains ("Lieferkettensorgfaltspflichtengesetz"). The process for the introduction and related obligations was prepared together with internal specialist departments and specified in the code of conduct for business partners of the Zumtobel Group.

The code of conduct for business partners is designed to ensure that due diligence principles and rules are applied and shared across the entire value chain, above and beyond the own organisation. This code of conduct is an integral part of all contracts between the Zumtobel Group (with all its business units) and its business partners. The Zumtobel Group expects its business partners and their employees to acknowledge and observe the due diligence principles and rules included in the code of conduct, and to share these principles and rules with their direct business partners and employees.

Contents of the code of conduct:

- >> Basic behavioural requirements
 - (i) Individual responsibility
 - (ii) Management and management behaviour
 - (iii) Behaviour in conflict situations
 - (iv) Compliance with legal regulations (v) Respect and fairness
- >> Due diligence requirements along the entire value chain
 - (i) Compliance with due diligence requirements
 - (ii) Human rights
 - (iii) Discrimination and working conditions
 - (iv) Child labour
 - (v) Forced labour
 - (vi) Freedom of association
 - (vii) Right to collective negotiations
 - (viii) Occupational safety and health
 - (ix) Sustainability and the environment
- >> Interaction with business partners and third parties
 - (i) Prohibition of corruption, acceptance of gifts
 - (ii) Donations and sponsoring
 - (iii) Fight against money laundering
 - (iv) Export controls
 - (v) Business relations with suppliers (vi) Fair competition
- >> Avoidance of conflicts of interest
- >> Handling of information
 - (i) Prohibition of insider trading
 - (ii) Commitment to data protection and security
 - (iii) Protection of trade secrets – confidentiality obligations
 - (iv) Information security
 - (v) Social media and external communications
- >> Handling of company property

Fight against corruption

"WE NEVER ACCEPT CORRUPTION AND REPORT ANY CORRUPT BEHAVIOUR BY THIRD PARTIES."

Compliance management system

The management of the Zumtobel Group is convinced that sustainable business success in a competitive environment is only possible on the basis of legally compliant actions. Therefore, preventing corruption and violations of anti-trust law has high business relevance and is an important success factor for the expansion of market positions and the fulfilment of corporate goals. This conviction is reflected in the installation of a compliance management system (CMS) by the Zumtobel Group.

The systematic, standardised risk analysis for compliance risks represents an important element of the CMS. Based on a relevance analysis, a compliance risk assessment will be carried out in a second step. The Management Board supports this process with a suitable compliance organisation as well as adequate and efficient compliance software.

The corporate audit and compliance organisation provides the Management Board and Audit Committee with timely and extensive written information. The Audit Committee and compliance department meet on a quarterly basis. The senior director of corporate audit and compliance is responsible for the development of the CMS in the Zumtobel Group, carries out risk analyses and organises training courses, and advises the Management Board on the development and implementation of risk-minimising measures. The CMS is reviewed by internal audit, and an external evaluation was also completed in 2021.

Corporate audit reviews the Zumtobel Group's worldwide sales organisations and plants at regular intervals. A generalist approach is normally taken and focuses, above all, on the internal control system of the unit to be audited. Special audits are also performed if there are concrete reasons for suspicion.

The targeted review of Group companies for corruption risks goes hand in hand with the systematic and standardised analysis of compliance risks. This analysis is repeated annually, its development is analysed and measures to minimise risk are implemented if necessary.

Twenty-four sales companies underwent an Internal control check as part of the annual self-assessment for global sales in 2023. As part of the self-assessment process, questions were added to determine the existence and implementation of local policies to prevent fraud.

Code of conduct training was successfully completed by 85% of all salaried employees in 2023. The focus topics included fair competition, conflicts of interest, the handling of invitations and gifts, and processes and procedures to combat corruption. This training is mandatory and automatic for all new hires. The course content is currently under revision, the code of conduct will be adapted accordingly and will be followed by mandatory employee training.

Disclosure of incidents:

- >> There were no confirmed incidents of corruption or bribery during the 2023/24 financial year.
- >> There were no convictions or fines for violations of the laws governing corruption or bribery.
- >> There were no confirmed incidents involving the termination or disciplinary action of company employees for corruption or bribery.
- >> There were no confirmed incidents involving contracts with business partners that were cancelled or not extended due to violations related to corruption or bribery.

Fraud

"OUR BEHAVIOUR IS CHARACTERISED BY RESPECT, HONESTY, TRANSPARENCY AND RELIABILITY."

The Zumtobel Group takes preventive steps to detect and manage misconduct, fraud and white-collar crime as well as violations of organisational rules. Any type of violation in this connection is strictly rejected.

The Zumtobel Group aims to create and maintain transparency in its dealing with customers, suppliers and public authorities in order to comply with international standards for the fight against corruption and to meet national and local requirements for the fight against corruption, bribery and fraud. The integrated compliance management system installed by the Zumtobel Group covers the prevention of criminal offenses involving corruption, fraud and bribery as well as the granting of advantages to or bribery of public officials.

Disclosure of incidents:

- >> There were no confirmed incidents of fraud during the reporting year.
- >> There were no confirmed incidents involving the termination or disciplinary action of company employees for fraud.

Conflicts of interest

"WE ALWAYS ACT IN THE COMPANY'S INTEREST."

Loyalty and actions in the best interest of the company represent fundamental values for the employees of the Zumtobel Group. Employees are required to report any activities or secondary employment that could lead to a conflict of interest or influence decisions. In this connection, a supplementary guideline was issued for buyers (ethical charter for buyers) which must be confirmed in writing.

Money laundering

"WE ARE DECISIVELY OPPOSED TO THE MISUSE OF THE FINANCIAL MARKET."

The Zumtobel Group is committed to the active fight against the improper use of the financial market and financial system. Clear rules have been issued for the initiation of business transactions and the settlement of payments to prevent the possible concealment or shift of assets with a potentially illegal origin and the possible financing of malicious actions. The preventive measures implemented by the Zumtobel Group include the following:

- >> Exclusion, prohibition of cash transactions
- >> Identification and verification of the identity of business partners
- >> Especially for customers in countries outside Europe: Review of the business partner (countries and persons) by global customs & export control before the conclusion of any business transactions to identify possible inclusion in sanction lists
- >> Special audits by corporate finance and corporate compliance of implausible constellations between the customer/delivery location/source of payment

The Zumtobel Group's business model is based on business to business (B2B), i.e. our business partners are companies. These companies are subject to similar or the same legal disclosure obligations for their own business activities. This situation facilitates the implementation of precautionary measures to prevent money laundering.

Any suspected cases are logged and reported to the Zumtobel Group's financial organisation and examined together with group compliance. If the existing doubts cannot be clarified, the business transaction or payment is rejected.

Disclosure of incidents:

- >> No violations or legal proceedings over money laundering were identified during the reporting year.

Anti-competitive practices

"WE ARE COMMITTED TO FAIR COMPETITION."

The Zumtobel Group's compliance management system (CMS) covers the prevention of corruption, in particular criminal offences involving corruption and bribery. The CMS guidelines related to anti-trust law cover the prevention of agreements and coordinated practices that could restrict competition.

The Zumtobel Group strives to establish and maintain competitive advantages over other market participants. We realise these advantages through the continuous improvement of our products and services – and reject prohibited agreements in any form.

Disclosure of incidents:

- >> No violations or legal proceedings involving legal disputes over anti-competitive behaviour or the creation of cartels or monopolies were identified during the reporting year.
- >> No new findings or legal proceedings over non-compliance with legal regulations or requirements in the economic field were identified during the reporting year.

Data protection

"DATA PROTECTION GIVES US A COMPETITIVE ADVANTAGE."

The Zumtobel Group's compliance organisation supported the subsidiaries and affiliates which process personal data and are therefore subject to the General Data Protection Regulation (GDPR; "Datenschutz Grundverordnung"), among others with training and the preparation of corporate guidelines in 2023/24. The data protection coordinator actively assists the local data protection officers in implementing the necessary measures.

The extensive updating of data protection involved the implementation of the following measures and preparation of the following documents:

- >> Updating the production registers for the leading companies in the Zumtobel Group
- >> Transfer of processing activities from the management companies to local unit registers (LEs)
- >> Introduction of a legally compliant content management system for marketing and sales
- >> Inclusion of changes in the data protection toolbox
- >> Implementation of new legal requirements and training for the involved departments
- >> Advising on technical issues
- >> Continuous adaptation of the data protection manual to reflect new legal requirements
- >> Exchange of information with local units in non-EU countries

All major process descriptions relating to data protection and the handling of personal data in the Zumtobel Group are described in the updated data protection manual. In addition to these process descriptions, the manual also includes a list of contact partners, pre-printed forms, and processes and procedures for special data protection cases (e.g. violations of data protection). The goal to achieve data protection conformity in business processes was generally met and maintained during the reporting year.

Compliance training software was purchased to further improve training activities. This tool makes it possible to incorporate the needs of the individual organisations and to develop attractive training on relevant subjects. Several training courses on compliance and data protection have been prepared and rolled out. The data protection policy is available to all Zumtobel Group employees in the INlight internal communications network.

Disclosure of incidents:

- >> A data protection incident was identified in 2023/24. It was reported to the compliance department by the Works Council and was halted as soon as the report was received. The effects were limited and the circle of involved persons was in the low double-digit range. The incident was reported to the Austrian data protection agency, which did not take any follow-up actions.

General Data Protection Regulation

Data protection compliance achieved

1.2.5.1 Critical concerns and the whistle-blower system

"ANONYMITY REDUCES FEAR AND PROTECTS AGAINST NEGATIVE CONSEQUENCES."

The Austrian Parliament passed a new whistle-blower protection act ("HinweisgeberInnenschutzgesetz") and an accompanying legislative amendment on 1 February 2023. This finalised the implementation of an EU Directive in Austrian national law.

Whistleblower system for reporting global non-compliance

The Zumtobel Group's whistle-blower system is a safe reporting and communication tool that is available to all stakeholders (employees, suppliers, customers, shareholders etc.) to submit information on potentially serious violations of compliance and due diligence issues and issues involving data security. Technical support for the Zumtobel Group's whistle-blower system is provided by the BKMS (Business Keeper Management System) which is used worldwide. The whistle-blower system meets all legal requirements of the EU Whistle-blower Directive and the Austrian Whistle-blower Protection Act.

The whistle-blower system installed by the Zumtobel Group makes it possible for employees and external third parties to anonymously report possible compliance violations over a link on the Zumtobel Group's website. Confidentiality is always ensured – it is one of the basic requirements of the EU Whistle-blower Directive which took effect on 16 December 2019 and its implementation in Austrian national law. The access options were optimised and adapted in 2023/24.

Critical concerns and issues also possible by e-mail

Critical concerns and issues can, as a result, be reported directly to corporate audit and compliance. As an additional communication channel, reports can also be submitted via email. The whistle-blower hotline is administered by corporate compliance and ensures that incoming reports are classified and processed on a timely basis. These reports are communicated without delay to the Management Board. If the immediate notification of the Audit Committee is not required to address a significant violation, the reports are compiled and presented to the Audit Committee on a quarterly basis.

Individuals can also contact the corporate compliance staff through various channels if they have any questions concerning responsible business conduct in the plants or the organisation's business relations. The necessary information is available for all employees in the Intranet and is regularly used.

The Zumtobel Group's whistle-blower system covers the following reportable points:

- >> Health, safety and environmental regulations
- >> Fraud / breach of trust / embezzlement
- >> Corruption
- >> Capital market compliance/insider trading
- >> Data protection violations
- >> Anti-competitive behaviour
- >> Discrimination / harassment / mobbing
- >> Human rights
- >> Other violations

The necessary measures related to supplier due diligence are the responsibility of the Zumtobel Group's global procurement organisation and are implemented through supplier sustainability audits. The requirements were re-evaluated during the reporting year and integrated in organisational instructions. Possible violations or non-compliance with due diligence requirements can also be reported over the external whistle-blower system.

Disclosure of reports:

- >> There were seven reports over minor concerns in 2023/24. All of these concerns were resolved or refuted after internal investigations.

Training on compliance issues

"ALL NEW EMPLOYEES RECEIVE COMPLIANCE TRAINING."

The code of conduct implemented by the Zumtobel Group many years ago was revised during the reporting year to include refresher courses for all employees. These regular courses and updates help employees to act with integrity in all types of business situations and to minimise risks for the company.

All new employees are required to register for online training on compliance and data protection during their introduction phase. The modules – compliance (module 1) and data protection (module 2) – are offered on a Group-wide learning platform. The invitation to online training is sent via email and is a fixed part of the onboarding process for new employees. These modules must be completed within 30 days. Three months after this period, the new employees take the code of conduct refresher course.

1.2.5.2 Due diligence requirements

The Zumtobel Group's commitment to sustainability and due diligence extends across the entire value chain and is an integral part of the corporate strategy. Through its commitment to responsible management and due diligence, the Zumtobel Group demonstrates its position as an advocate for human rights, labour standards and environmental protection.

The respect for and compliance with human rights and compliance with the principles of labour law, occupational safety and the protection of health all over the world are essential elements and form the basis for cooperative partnerships. The Zumtobel Group also supports and complies with the following international standards which cover the respect for and observance of human rights and fair working conditions:

- >> Universal Declaration of Human Rights
- >> OECD Guidelines for Multinational Enterprises
- >> UN Guiding Principles on Business and Human Rights
- >> 10 principles of the UN Global Compact
- >> ILO Declaration on Fundamental Principles and Rights at Work

The Zumtobel Group documents its commitment to responsible management and compliance with international social standards through active membership in the UN Global Compact. Regular reports are published in connection with this membership (COP – Communication on Progress) to document the activities and progress in implementing the ten principles of the UN Global Compact.

Consideration of due diligence requirements

UN Global Compact: COP

The code of conduct forms the basis for daily actions by the workforce in order to ensure honesty in all business situations. To meet the requirements of the Supply Chain Due Diligence Law ("Lieferketten sorgfaltspflichtengesetz", LkSG) in Germany and the EU's Corporate Sustainability Due Diligence Directive (in short: CSDDD), the Zumtobel Group is taking active steps through regular exchanges with suppliers, the adaptation and signing of the code of conduct for business partners, and supplier audits and sustainability audits. Possible violations of human rights and environmental standards received by the whistle-blower system are systematically processed and reduced.

**The Zumtobel Group
meets the ILO core
labour norms**

Human rights (material topic)

The "slavery and human trafficking statement" for Great Britain is renewed annually. Compliance with human rights, labour rights, occupational safety and health protection is regularly reviewed by a third party at all locations in connection with ISO 14001 certification, in particular to prevent child labour and forced labour. These reviews are based on the international labour and social standards issued by the International Labour Organisation (ILO). The following agreements are anchored in our code of conduct and in the whistle-blower system:

- >> Freedom of association and protection of the right to organise (Conventions 87, 98)
- >> Forced labour (Conventions 29, 105)
- >> Minimum age for employment and child labour (Conventions 138, 182)
- >> Discrimination and fair working conditions (Conventions 100, 111)
- >> Occupational safety & health (Conventions 155, 187)

**Policy statement on
human rights**

The Zumtobel Group's declaration of principle on human rights was issued as a separate group policy (GP 237). It underscores the commitment to and support for human rights in all business activities. The code of conduct designates this group policy as an important reference point for employees and business partners. The whistle-blower system of the Zumtobel Group was also expanded to include the category "human rights" to allow for even more comprehensive reporting.

The Zumtobel Group's human rights policy covers the following main areas:

- >> Prohibition of child labour
- >> Prohibition of forced labour
- >> Freedom of association and the right to collective bargaining
- >> Equal opportunity and protection against discrimination
- >> Fair and appropriate remuneration
- >> Working conditions (incl. working times)
- >> Protection of health & occupational safety

Disclosure of incidents:

- >> No reports were received or processed by the Zumtobel Group's whistle-blower system in 2023/24 involving possible knowledge, proceedings or violations of human rights or environmental regulations.
- >> No discrimination incidents were reported in 2023/24.

1.2.5.3 Environmental compliance (material topic)

Compliance not only covers the observance of legal regulations, but also includes the voluntary binding obligations resulting from the integral approach derived from ISO standards 14001, 45001 and 50001 as a fixed part of the global and local processes in the Zumtobel Group's integrated management system. The determination, observance and evaluation of all legal and voluntary obligations take place according to fixed global processes in this system.

ISO 14001
ISO 45001
ISO 50001

All production locations have established a legal database to document, evaluate and monitor the relevant local obligations. New requirements and any related changes are recorded and assessed, and the necessary measures to ensure compliance are defined and implemented.

External legal consultants and service providers help the production locations to identify and interpret the relevant legal obligations and are responsible for the annual evaluation of compliance. Compliance with these obligations is also monitored by internal and external audits and by specific compliance audits. They also included a review of compliance with one-time and recurring obligations in the various areas. External audits are carried out on-site at regular intervals. These processes include annual evaluations by the Quality Austria certification agency and on-site inspections by local authorities. The focus is generally on compliance with relevant environmental and labour protection obligations. No issues involving non-conformance were identified in connection with these on-site inspections.

Environmental compliance is evaluated and confirmed by the local managing directors and by the Zumtobel Group's Management Board in the annual management review. Based on these finding and to the best of their knowledge, all production locations and central functions have confirmed their environmental compliance in management reviews.

Non-compliance with environmental laws and regulations

The Zumtobel Group implemented a whistle-blower system in 2017. This platform is available to interested parties, both internal and external, for all types of reports. The information is independently processed and reviewed. No reports or complaints involving environmental compliance were received during the reporting year.

External reports and inquiries from local residents or other interested parties are recorded and investigated by the local staff. If the reports are justified, measures are implemented immediately to identify, minimise or, when possible, to eliminate the causes.

There were no fines, other sanctions or legal proceedings involving non-compliance with environmental protection rules and regulations in 2023/24.

Internal and external audits and, in part, on-site inspections by government authorities on environmental compliance were carried out at all relevant production locations, and no issues involving non-conformance were identified.

Group-wide, standardised supplier approval process

1.2.5.4 Environmental and social standards in the supply chain (material topic)

Every potential supplier must confirm compliance with the code of conduct for suppliers in writing before the possible start of business relations with the Zumtobel Group. This code was expanded in 2022/23 to add various due diligence content and, following the inclusion of the latest EU due diligence requirements, now reflects the latest standards. Approval as a supplier is then followed by the monitoring, improvement and measurement of environmental and social standards in the supply chain based on the newly established platform "DigiSus" (with EcoVadis and IntegrityNext). Environmental and social standards play a central role in the evaluation of suppliers' sustainability performance by EcoVadis (major supply partners) as well as IntegrityNext.

The content entered by the suppliers on the sustainability platforms is sampled in connection with voluntary on-site or online sustainability audits. The audits also query, verify and document additional sustainability related content.

Due diligence requirements integrated

Code of conduct for business partners

Every potential supplier must confirm compliance with the code of conduct für suppliers in writing before the possible start of business relations with the Zumtobel Group. The latest version of the code from the 2020/21 financial year with its general behavioural rules was substantially expanded to include, above all, rules covering corruption, violations of human rights, forced labour and child labour as well as the environment and sustainability. As previously mentioned, this document was also supplemented in 2022/23 by various due diligence content and, following the inclusion of the latest EU due diligence requirements, now reflects the latest standards. Diversity and inclusion aspects were also fully integrated and, in a first step, rolled out to suppliers in risk countries. By signing the code, the partners agree to fight all indicated risks concerning violations in the supply chain under all circumstances and to eliminate these risks in their sphere of influence. Based on volume, 97.8% of suppliers have signed the code of conduct (2022/23: 97.4%).

Content of the code of conduct for business partners:

- >> Whistle-blower system and recording of reports
- >> Due diligence requirements
- >> General principles of conduct and expectations of business partners
- >> Principles and guidelines for due diligence requirements
 - (i) Compliance with human rights
 - (ii) Environment and sustainability
 - (iii) Corruption and the fight against money laundering
 - (iv) Criminal activities in dealing with public officials and in business transactions (in general)
 - (v) Conduct in dealings with competitors (anti-trust law)
 - (vi) IT security
 - (vii) Intellectual property and confidential information
 - (viii) Social media
 - (ix) Data protection
 - (x) Controls and partnership

The Zumtobel Group renewed its commitment to a responsible and sustainable procurement process in 2023/24 with an annual progress report (COP-Communication on Progress) based on the UN Global Compact. This report includes information for stakeholders on the company's activities and progress in implementing the 10 principles.

1.2.5.5 Supplier management (material topic)

The implementation of a sustainable procurement concept, including a maximum value contribution for the organisation, has represented a core initiative for procurement in the Zumtobel Group for many years. As a producing company, the Zumtobel Group wants to meet its responsibility to society and, in all areas of its activities, ensure the economical use of natural resources, climate and environmental protection, fair trade and responsibility along the entire supply chain.

Supply chain management in the Zumtobel Group places high priority on full compliance with all applicable legal regulations and internal standards for safety, environmental protection and human rights. The focus of procurement has moved from pure economic interests to the increased implementation of ecological and social aspects in recent years.

Goal attainment in 2023/24

Supplier management relating to information on CO2 emissions, ISO certifications achieved and the commitment to SBTi has been intensified with the new "DigiSus" platform. In future, the exchange of information on relevant, sustainability-related data is to be further expanded in order to create more transparency in the supply chain.

The Zumtobel Group assesses its top suppliers annually with regard to potential risks such as the risk of child labour and forced or compulsory labour.

Following the implementation of a sustainable procurement rating through the EcoVadis platform (see the detailed description in the section on the onboarding process), 193 Zumtobel Group suppliers for direct materials and merchandise – with a focus on top suppliers – were audited and rated by EcoVadis. A total of 1,143 suppliers for direct materials and merchandise were evaluated by the IntegrityNext platform (see the detailed description in the section on the onboarding process) to obtain an abstract rating based on the respective country and industry risk. This combination of critically classified suppliers includes a component of 40% in the People's Republic of China. A large number of other critically classified suppliers are located in the Republic of Serbia and the United Kingdom due to the two major plants located in these countries. The self-evaluation on the IntegrityNext platform was actively completed by 153 suppliers for direct materials and merchandise.

Suppliers to risk countries	Unit	2019/20	2020/21	2021/22	2022/23	2023/24
TOP supplier Lighting Brands	Number	N/A	N/A	N/A	54	59
China	Number	N/A	N/A	N/A	21	25
Serbia	Number	N/A	N/A	N/A	31	30
Thailand	Number	N/A	N/A	N/A	1	1
Turkey	Number	N/A	N/A	N/A	1	1
TOP supplier components	Number	N/A	N/A	N/A	85	84
China	Number	N/A	N/A	N/A	74	72
Serbia	Number	N/A	N/A	N/A	8	9
Thailand	Number	N/A	N/A	N/A	2	1
Malaysia	Number	N/A	N/A	N/A	1	1

Supplier onboarding process

Systematic supplier onboarding process

The basis for business relations is formed by a systematic supplier evaluation and release process (supplier onboarding). It begins with the signing of the code of conduct for business partners and continues with the screening of economic factors through a self-evaluation questionnaire and a detailed assessment of the potential supplier's sustainability performance by EcoVadis (supplier rating, preferred for suppliers with strategic relevance) or IntegrityNext (supplier self-evaluation, preferred for suppliers with lower strategic relevance).

A later step includes an agreement over the commercial and quality aspects of the contract, which ends with an audit of various focal points in areas like quality and sustainability.

Confirmation of compliance by business partners with all requirements of the code of conduct, which are focused on human rights as well as clearly defined social and environmental standards, is fundamental for the start of supplier relations with the Zumtobel Group and creates the foundation for long-term, sustainable partnerships. New suppliers are also carefully evaluated for compliance with legal regulations like the REACH/ROHS guideline or conformity with conflict minerals prevention.

DigiSus (Digital Sustainability) – the digital solution for supplier management

Efforts were undertaken in 2023/24 to transform supplier management. The use of new tools allows the Zumtobel Group to monitor suppliers more efficiently and to also follow their performance and compliance online.

EcoVadis

The EcoVadis platform evaluates business partners based on an individually designed questionnaire which always reflects the respective region and industry. EcoVadis also requires proof of the content provided through the upload of various documents and certificates. The evaluation also covers the supplier's sustainability performance with regard to the environment, labour and human rights, ethics and sustainable procurement. A certificate for ESG performance is then awarded on the basis of the information and documents provided by the supplier.

IntegrityNext

The IntegrityNext platform is based on self-declarations by the suppliers and is designed to ensure that all Zumtobel Group suppliers meet the requirements of the Supply Chain Act and, in the future, also the EU Due Diligence Directive. This platform also makes it possible to collect a variety of additional information on the business partner's sustainability performance. An abstract risk assessment can also be carried out based on the region or industry where the supplier is located or active. This data leads to a priority ranking for the further investigation and possible development of specific suppliers.

The Zumtobel Group's short-term goal is to arrange for the evaluation of all major suppliers with strategic relevance (high revenue volume). This evaluation will be performed by EcoVadis or with the extensive individualised IntegrityNext questionnaire for strategic suppliers. IntegrityNext will also help to meet the requirements of the Supply Chain Act and EU Due Diligence Directive by obliging all suppliers (also the non-strategic) to submit a self-declaration on compliance issues. In the future, IntegrityNext will also be used to query or verify REACH/ROHS conformity and, for example, compliance with conflict minerals prevention.

In addition to the implementation EcoVadis and IntegrityNext, substantial efforts were undertaken in 2023/24 to adapt the Celonis process mining tool to process and support the visualisation of large volumes of data from these two platforms. User-friendly analyses will also be presented digitally and in real time.

The implementation of DigiSus and the EcoVadis and IntegrityNext sustainability platforms as well as the visualisation options for results in Celonis represent a milestone in the Zumtobel Group's sustainability evaluation of suppliers. This applies to existing business partners as well as new suppliers scheduled for release.

Sustainability evaluation & supplier audits

In 2023/24, 219 quality system, process and/or control plan audits (2022/23: 175) were carried out. These audits were adapted, where necessary, to reflect the requirements for the respective suppliers. A special focal point of the QS audit is the implementation of the selected quality management system (normally ISO 9001/TS 16949) in everyday work.

219 supplier audits

The supplier scoring process covers the following areas: quality management, procurement, material handling, development and production. Under all circumstances, at least 80% of the points from all areas are required to pass the audit.

Audits with less than 80% of the possible points require immediate action by the supplier as well as a new audit that evaluates and documents the implementation of the measures and improvements. Business relations are not started with suppliers who have not completed a positive QS audit.

Of the total audits carried out in 2023/24, 123 (2022/23: 114) also represented sustainability audits. The related activities covered QS/process issues and included a special focus on ethics, health and safety, work and worker protection, and environmental management. A threshold was also defined for a positive sustainability audit in this area. Audits with less than the necessary points require immediate action by the supplier by mutual consent.

Sustainability audits at suppliers

This procedure allows for the specific evaluation and auditing of the above-mentioned risks (corruption, violations of human rights, forced labour and child labour) as well as environmental and social risks in the supply chain – and their exclusion from the supply chain. Additional risks are listed below:

- >> Lack of business integrity
- >> Lack of information security
- >> Compulsory work performance
- >> Lack of work safety standards
- >> Illegal working and rest times
- >> Any form of discrimination
- >> Lack of work safety in any of the involved areas
- >> Environmental pollution and lack of legal environmental standards
- >> Waste of resources
- >> Conformity with the EU Corporate Sustainability Due Diligence Directive
- >> Conformity with the standards of the German Supply Chain Due Diligence Law

Supplier audits/sustainability audits	Unit	2019/20	2020/21	2021/22	2022/23	2023/24
Suppliers (99.9% Jahresvolumen)	Number	692	674	659	708	686
New suppliers	Number	N/A	N/A	8	11	20
Total audits	Number	136	154	150	175	219
	in %	19.7	22.8	22.7	24.9	31.9
Sustainability audits	Number	51	48	101	114	123
	in %	37.5	31.2	67.3	65.1	56.2
Audits neue of new potential suppliers total	Number	N/A	N/A	32	45	52
Sustainability audits of new potential suppliers	Number	N/A	N/A	9	27	28
	in %	N/A	N/A	28.1	60.0	53.8
Suppliers with negative impact	Number	N/A	N/A	14	15	30
Suppliers with negative impact and termination of supplier relationship	Number	N/A	N/A	0	0	0
New suppliers with negative impact	Number	N/A	N/A	6	4	7
New suppliers with negative impact and termination of supplier relationship	Number	N/A	N/A	0	0	0

Abstract risk assessment by IntegrityNext

The internal definition of risk countries was replaced in autumn 2023 by the abstract risk assessment by IntegrityNext in connection with the introduction of the sustainability platform. Far more than 90% of all suppliers of direct materials and merchandise as well as an increasing number of indirect material suppliers were covered by this abstract risk rating based on their location and industry. IntegrityNext combines an abstract risk with the supplier's self-evaluation to develop an overall ESG rating for the respective business partner. Suppliers for the Zumtobel Group with a lower abstract rating are invited to provide a self-evaluation. As described above, the major suppliers with significant volumes are generally given priority. Suppliers with a critical ESG rating are given priority for sustainability audits.

The integration of emissions and the requirements of the Due Diligence Directive in the supplier self-evaluation and the direct roll out to the most important suppliers in risk countries during 2022/23 led to the following ratings:

No significant negative environmental and social impacts

It is important to note that none of the audited suppliers has been identified as being responsible for gross violations that would have a significant negative impact on the environment or society. Moreover, it was determined that suppliers are consistently integrating environmental and social issues in their actions. Opportunities for improvement identified by the Zumtobel Group are primarily related to the certification of compliance with standards by independent third parties, e.g. ISO 14001 and ISO 45001.

Together with its suppliers, the Zumtobel Group is continuing its development in the area of sustainability. This takes place through a request or invitation as well as a review of the implementation of environmental and social certifications or external certification to ensure greater transparency over sustainability issues.

Greater transparency

Sustainability training for the procurement staff

"ALL EMPLOYEES INVOLVED IN PROCUREMENT RECEIVE SUSTAINABILITY TRAINING."

The training initiative "sustainability for the procurement organisation" was planned and carried out during the reporting year. Four scheduled courses were held for 94 employees in the global procurement organisation on the issues of sustainability and due diligence along the value chain.

Conflict minerals

Companies headquartered in the EU have been legally required to carry out a due diligence audit in connection with the procurement of conflict materials since the beginning of 2021. The European Commission has called on all companies covered by this directive to meet the due diligence requirements for tin, tantalum, wolfram and gold in their supply chains. As part of the conflict minerals programme, the Zumtobel Group has implemented measures in its supply chain to ensure that these products do not directly or indirectly finance transactions with the Democratic Republic of the Congo (DRC).

The Zumtobel Group documents its due diligence based on the report template issued by the Responsible Minerals Initiative (RMI) and discloses its due diligence in the supply chain for smelting works and refineries as required by the Responsible Minerals Assurance Process (RMAP).

The OECD guideline "Due Diligence Guidance for Responsible Supply Chains from Conflicted-Affected and High-Risk Areas" is the most important reference benchmark for the current RMAP standards. It requires upstream companies to publish annual reports. Smelters and refineries are considered upstream companies in the sense of the OECD guidelines and must meet the OECD Level 5 reporting requirements for upstream companies in order to conform to RMAP standards.

The reports were prepared and updated externally by ValueStream Europe GmbH, which contributes its expertise in material compliance. The current version of the conflict minerals reporting template (CMRT) is available for download on the Zumtobel Group's website for the Lighting Segment and the Component Segment under the menu point "Sustainability".

**CMRT reports for the
Lighting and
Components
Segments**

1.2.6 GRI Content Index

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GRI	Standard specification	Page(s)	Omissions, explanations
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GRI	Standard specification	Page(s)	Omissions, explanations
GRI 408 Child labour (2016)			
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GRI 409 Forced or compulsory labour (2016)			
GRI 3-03	Management of material topics (2021)	137-138	
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GRI 414 Social assessment of suppliers (2016)			
GRI 3-03	Management of material topics (2021)	140-145	
GRI 414-01	New suppliers screened against social criteria	142-145	
GRI 414-02	Negative social impacts in the supply chain and measures taken	140-145	
GRI 416 Customer health and safety (2016)			
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GRI 416-02	Violations related to the health and safety impacts of products and services	127-128	

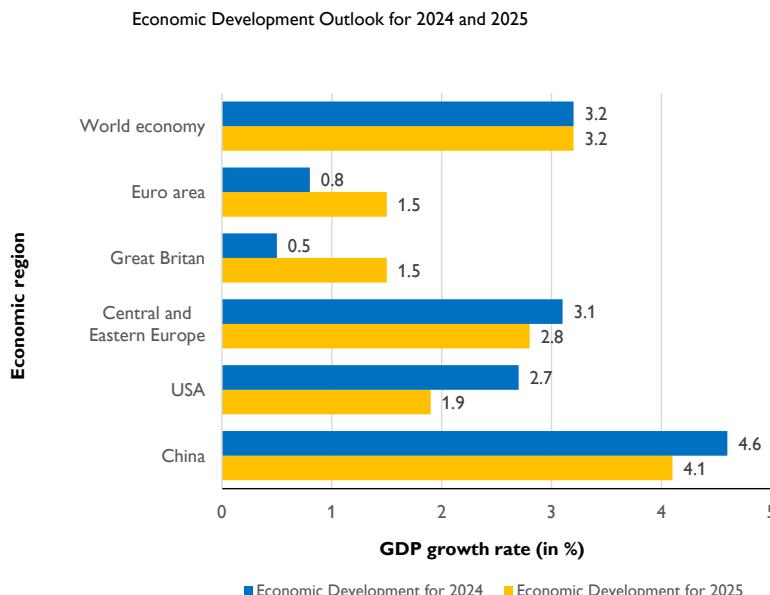
1.3 Review of Business Performance

1.3.1 The economic environment

The global economy has proven to be robust in spite of multiple geopolitical crises. In its latest World Economic Outlook, the International Monetary Fund (IMF) sees continuous but, in historical comparison, low growth for 2024 and 2025. The outlook for our home market in Europe remains subdued – especially in Germany and Austria, but also in Great Britain.

IMF projections point to growth of 3.2% for the global economy in 2024 and 2025, whereby the latest update reflects a slight upward revision. The eurozone should experience a restrained recovery according to the IMF. The forecast was revised downward for Germany and upward for several smaller countries. Growth of 0.8% and 1.5%, respectively, is now expected for 2024 and 2025. The US economy was surprisingly strong in 2023 and should also outperform the eurozone in 2024 and 2025. In China, the economic recovery is proceeding and should support growth of over 4% in 2024 and 2025.

The D/A/CH region (Germany, Austria, Switzerland), a key market for the Zumtobel Group, is projected to generate moderate growth in 2024 and 2025: 0.2% and 1.3% in Germany, 0.4% and 1.6% in Austria, and 1.3% and 1.4% in Switzerland. The economy in Great Britain will remain weak, at least this year, with forecasted growth of 0.5% in 2024 and 1.5% in 2025.



1.3.2 The development of business

The development of business in the Zumtobel Group follows a seasonal pattern which is typical for the construction industry. During the first half of the financial year (1 May to 31 October), the volume of business is normally higher because a relatively large number of construction projects are concluded during the summer and autumn months and the installation of the lighting represents one of the last steps prior to completion. Revenues in the third quarter (1 November to 31 January) are substantially lower as a result of the Christmas and winter break in the construction industry and, in the fourth quarter (1 February to 30 April), the pace of business begins to accelerate again.

Seasonality of the business

Revenues

- >> Group revenues decline by (6.8%) (FX-adjusted: (5.8)%)
- >> Lighting Segment slightly below previous year ((1.5)%)
- >> Sharp drop in Components Segment ((18.5)%)
- >> Adjusted Group EBIT falls to EUR 57.3 million

Income statement in EUR million	2023/24	2022/23	Change in %
Revenues Lighting Segment	889.3	903.1	(1.5)
Revenues Components Segment	299.4	367.3	(18.5)
Reconciliation	(61.8)	(61.2)	1.0
Revenues	1,127.0	1,209.2	(6.8)
Adjusted Cost of goods sold	(723.7)	(789.0)	(8.3)
Adjusted Gross profit	403.3	420.2	(4.0)
as a % of revenues	35.8	34.7	
Adjusted SG&A expenses	(346.0)	(335.9)	3.0
Adjusted EBIT Lighting Segment	69.2	72.9	(5.1)
as a % of segment revenues	7.8	8.1	
Adjusted EBIT Components Segment	6.9	29.1	(76.1)
as a % of segment revenues	2.3	7.9	
Reconciliation	(18.8)	(17.7)	6.7
Adjusted EBIT	57.3	84.3	(32.0)
as a % of revenues	5.1	7.0	
Special effects	(7.8)	0.0	
EBIT Lighting Segment	67.0	72.9	(8.1)
as a % of segment revenues	7.5	8.1	
EBIT Components Segment	1.3	29.1	(95.5)
as a % of segment revenues	0.4	7.9	
Reconciliation	(18.8)	(17.7)	6.6
EBIT	49.5	84.3	(41.3)
as a % of revenues	4.4	7.0	
Financial results	(14.6)	(18.2)	19.9
Profit before tax	34.9	66.0	(47.2)
Income taxes	(10.2)	(6.1)	68.0
Net profit for the year	24.7	60.0	(58.8)
Earnings per share (in EUR)	0.57	1.39	(58.8)

For information: EBITDA (EBIT plus depreciation and amortisation) totalled EUR 106.1 million in the 2023/24 financial year.

Group revenues fell by (6.8)% to EUR 1,127.0 million in 2023/24 (2022/23: EUR 1,209.2 million), primarily due to volume declines and unfavourable foreign exchange effects. After an adjustment for foreign exchange effects, revenues were (5.8)% lower year-on-year.

(6.8)% decline in revenues

Revenues in the Lighting Segment declined by (1.5)% to EUR 889.3 million in 2023/24 (2022/23: EUR 903.1 million). Lower sales volumes and negative foreign exchange effects were largely offset by efficient price management and volume growth in higher margin markets.

Lighting Segment revenues (1.5)% lower year-on-year

The Components Segment recorded a reduction of (18.5)% in revenues to EUR 299.4 million in 2023/24 (2022/23: EUR 367.3 million). The main underlying factors were the weaker demand that followed previous stock build-ups by customers and the resulting price competition.

Components Segment revenues fall by (18.5)%

Regional development of business

Revenues in EUR million	2023/24	Change in %	in % of Group
D/A/CH	403.4	(1.4)	35.8
Northern and Western Europe	264.9	(9.1)	23.5
Southern and Eastern Europe	298.6	(8.6)	26.5
Asia & Pacific	95.1	(15.3)	8.4
Americas & MEA	64.9	(6.8)	5.8
Total	1,127.0	(6.8)	100.0

The 2023/24 financial year brought negative development in all regions compared with the above-average good performance in 2022/23, specifically due to the sharp drop in the Components Segment. The D/A/CH region was slightly below the previous year, whereby sound growth in Switzerland was contrasted by a reduction in Germany. The revenue decline in Northern and Western Europe was led by Great Britain and Sweden but offset in part by moderate growth in Belgium and Norway. Revenues in the Southern and Eastern Europe region were lower year-on-year, with particularly high declines in Italy and Spain. The Asia & Pacific region reported the largest declines, especially in Australia, China and Macau. Revenues in the America & MEA region fell substantially as a result of especially disappointing sales in the USA.

Earnings

In the context of our press release on 13 October 2023, where we announced restructuring measures in Dornbirn (Austria), we see the reintroduction of adjusted EBIT and the related financial indicators as a decisive step to improve financial transparency and comparability. These measures reflect our efforts to isolate the effects of restructuring activities on operating results and to provide a transparent view of our sustainable operating performance. The inclusion of the communicated restructuring measures in the adjusted financial indicators supports differentiated financial reporting to enable a more precise evaluation of long-term profitability.

Reintroduction of adjusted EBIT

The adjusted cost of goods sold reflects a reduction in materials costs and inventory write-downs. Development costs rose by EUR 4.7 million to EUR 68.0 million in 2023/24 (2022/23: EUR 63.4 million). The adjusted gross profit margin improved to 35.8% (2022/23: 34.7%) despite the decline in revenues due to an increase in revenues in high-margin regions and a reduction in the materials ratio.

Adjusted selling and administrative expenses (incl. research) rose by EUR 10.1 million to EUR (346.0) million (2022/23: EUR (335.9) million). The main driver was the increase in personnel costs which resulted from collective agreements.

Adjusted Group EBIT falls to EUR 57.3 million

Adjusted Group EBIT fell from EUR 84.3 million to EUR 57.3 million in 2023/24, and the adjusted EBIT margin equalled 5.1% (2022/23: 7.0%). The revenue decline and personnel cost increases resulting from collective agreements were only offset in part by an improvement in the materials ratio.

Adjusted EBIT in the Lighting Segment declined from EUR 72.9 million in the previous year to EUR 69.2 million in 2023/24. The revenue decline and fixed cost increases in this segment were only partly offset by volume growth in higher margin markets. The challenging market situation led to a reduction in adjusted EBIT for the Components Segments from EUR 29.1 million to EUR 6.9 million in 2023/24.

Special effects of EUR (7.8) million

Special effects of EUR (7.8) million were recorded in 2023/24: EUR 7.4 million for personnel expenses, EUR 0.2 million for impairment losses, and EUR 0.1 million for other costs. Group EBIT fell to EUR 49.5 million in 2023/24 (2022/23: EUR 84.3 million), and the EBIT margin equalled 4.4% (2022/23: 7.0%).

Financial results

Financial result in EUR million	2023/24	2022/23	Change in %
Interest expense	(11.8)	(7.3)	62.2
Interest income	0.7	0.4	56.5
Net financing costs	(11.1)	(6.8)	(62.6)
Other financial income and expenses	(3.5)	(7.2)	(50.8)
Result and impairment from associated companies	0.0	(4.3)	100.0
Financial results	(14.6)	(18.2)	19.9

Financial results above previous year

Financial results amounted to EUR (14.6) million in 2023/24 (2022/23: EUR (18.2) million). Interest expense, which consisted chiefly of the interest expense for current credit agreements and finance leases, totalled EUR (11.1) million (2022/23: EUR (6.8) million). The other financial income and expenses of EUR (3.5) million consisted primarily of the interest expense on pension obligations, the earnings effects from exchange rate changes, and the measurement of hedges.

Net profit of EUR 24.7 million

Profit before tax totalled EUR 34.9 million (2022/23: EUR 66.0 million), and income taxes equalled EUR (10.2) million (2022/23: EUR (6.1) million). Net profit fell to EUR 24.7 million (2022/23: EUR 60.0 million). Earnings per share for the shareholders of Zumtobel Group AG (basic EPS based on 43.0 million shares) declined to EUR 0.57 (2022/23: EUR 1.39).

Cash flow, financial and asset position

Cash Flow Statement in EUR million	2023/24	2022/23	Change in %
Cash flow from operating results	105.8	140.2	(24.5)
Change in working capital	6.4	(23.8)	>100
Change in other operating items	(2.3)	(1.8)	(26.8)
Income taxes paid	(7.7)	(8.3)	7.7
Cash flow from operating activities	102.3	106.2	(3.7)
Cash flow from investing activities	(48.5)	(54.0)	10.2
FREE CASH FLOW	53.8	52.3	3.0
Cash flow from financing activities	(40.7)	(53.1)	23.3
CHANGE IN CASH AND CASH EQUIVALENTS	13.1	(0.8)	>100

Cash flow from operating results fell by EUR 34.4 million from EUR 140.2 million in the previous year to EUR 105.8 million, chiefly due to the decline in revenues.

Cash outflows from the changes in other operating positions amounted to EUR (2.3) million (2022/23: EUR (1.8) million) and resulted mainly from the reduction of provisions for bonuses and retirement benefits. Contrasting factors included an increase in the provisions for restructuring and for holiday allowances and overtime. Cash flow from operating activities declined from EUR 106.2 million to EUR 102.3 million.

Cash flow from investing activities amounted to EUR (48.5) million in 2023/24 (2022/23: EUR (54.0) million). The investments consisted chiefly of tools for new products, expansion and maintenance, and capitalised development costs for a total of EUR 8.8 million (2022/23: EUR 9.4 million). This amount includes investments of EUR 35.4 million (2022/23: EUR 39.4 million) (including capitalised development costs) in Dornbirn.

Free cash flow equalled EUR 53.8 million (2022/23: EUR 52.3 million).

Free cash flow at EUR 53.8 million

Cash flow from financing activities totalled EUR (40.7) million (2022/23: EUR (53.1) million) and was adjusted to exclude the non-cash additions from lease liabilities. Included here are cash outflows of EUR 13.6 million (2022/23: EUR 13.5 million) for the payment of lease liabilities and EUR 11.6 million (2022/23: EUR 6.9 million) for interest payments. Dividends of EUR 17.3 million were distributed to the shareholders of Zumtobel Group AG in 2023/24 (2022/23: EUR 15.1 million).

In order to protect its ability to meet its payment obligations at any time, the Zumtobel Group maintains liquidity in the form of cash and cash equivalents that are available on a daily basis to meet expected operating expenses and financial liabilities. The Zumtobel Group also has extensive financing agreements at its disposal to safeguard long-term financing requirements and to settle the short-term liquidity fluctuations that result from business activities.

The consortium credit agreement concluded on 15 December 2021 represents a major financing agreement for the Zumtobel Group. It has a term ending in December 2028 (2022/23: December 2027) and a maximum line which currently equals EUR 125 million. This agreement was converted to an "ESG linked loan" in June 2023 which is connected with the sustainability strategy and performance and also couples financing costs with the target attainment as evidenced by the EcoVadis sustainability rating and the reduction of Scope 3 CO₂ emissions. A total of EUR 5 million was drawn under this agreement as of 30 April 2024 (2022/23: no funds drawn). Two long-term credit agreements were also concluded with the European Investment Bank (EIB) for EUR 30 million and EUR 40 million, respectively, with bullet repayment

and terms ending in September 2024 and February 2025. Both facilities were fully drawn as of 30 April 2024. These significant financing agreements include a change of control clause that would take effect if the Zumtobel family syndicate were no longer the largest shareholder group or if their holding fell below a specified threshold. They also require compliance with specific financial covenants (a debt coverage ratio of less than 3.55 and an equity ratio of more than 23.5%). The financial covenants were met in full as of 30 April 2024 with a debt coverage ratio of 0.73 (2022/23: 0.62) and an equity ratio of 43.1% (2022/23: 42.1%). The consortium credit agreement also includes a clause for an increase of up to EUR 225 million which can be drawn under certain circumstances.

The Zumtobel Group also has unsecured credit lines of EUR 43.3 million (2022/23: EUR 43.2 million) at its disposal to meet short-term liquidity fluctuations. The interest rates are dependent on local market circumstances and reflect ordinary conditions in the respective countries.

Balance sheet data in EUR million	30 April 2024	30 April 2023
Total assets	987.2	1,002.4
Net debt	77.1	86.9
Debt coverage ratio	0.73	0.62
Equity	425.2	421.7
Equity ratio in %	43.1	42.1
Gearing in %	18.1	20.6
CAPEX	64.2	69.4
thereof CAPEX excl. IFRS 16	50.8	54.5
Working capital	225.6	231.7
As a % of rolling 12 month revenues	20.0	19.2

Solid balance sheet structure

Working capital totalled EUR 225.6 million as of 30 April 2024 and was EUR 6.2 million below the level on 30 April 2023. Inventories were reduced by EUR 14.1 million following the easing of tensions on global procurement markets. Trade receivables were EUR 2.2 million higher year-on-year as of 30 April 2024. Trade payables rose by EUR 9.2 million as of 30 April 2024, and prepayments declined by EUR 15.0 million. As a per cent of rolling 12-month revenues, working capital increased from 19.2% in the previous year to 20.0%. The receivables sold through factoring totalled EUR 50.0 million at the end of the reporting year (2022/23: EUR 55.7 million).

The balance sheet total of the Zumtobel Group was nearly unchanged year-on-year at EUR 987.2 million as of 30 April 2024 (2022/23: EUR 1,002.4 million). The equity ratio improved from 42.1% to 43.1% at the end of the reporting year. Net liabilities declined by EUR 9.8 million to EUR 77.1 million as of 30 April 2024. Gearing – which represents the ratio of net liabilities to equity – fell from 20.6% to 18.1% and further improves the Zumtobel Group's stable and solid balance sheet structure.

1.3.3 Significant events since 30 April 2023

The 47th General Meeting on 28 July 2023 approved the distribution of a 40 euro cents dividend per share for the 2022/23 financial year. The dividend was transferred to shareholders on 4 August 2023.

Dividend of 40 euro cents per share

This General Meeting also authorised the Management Board, with the consent of the Supervisory Board, to repurchase the company's shares, over the stock exchange or over the counter, at an amount equalling up to 10% of share capital. The authorisation is valid for a period of 30 months. The Management Board was also authorised, with the consent of the Supervisory Board, to reduce share capital by withdrawing all treasury shares purchased up to the date of the General Meeting without a further resolution by the General Meeting. The company holds 353,343 treasury shares.

General Meeting authorises share buyback programme

The 47th General Meeting of Zumtobel Group AG also re-elected the previous Supervisory Board chairwoman Karin Zumtobel-Chammah and Supervisory Board member Eva Kienle, each for a term of office extending to the 2025/26 financial year. Ms. Zumtobel-Chammah was re-elected chairwoman of the Supervisory Board at the subsequent constituent meeting of this corporate body.

Karin Zumtobel-Chammah and Eva Kienle re-elected to the Supervisory Board

The reorganisation of the Tridonic plant in Dornbirn was announced in mid-October and will result in the reduction of roughly 100 jobs. Staff capacity at the lighting plant in Dornbirn was also adjusted to reflect the weaker order situation and led to the reduction of roughly 70 jobs.

The Management Board Zumtobel Group AG decided on 29 November 2023, in agreement with the Supervisory Board, to repurchase shares of Zumtobel Group AG over the stock exchange during the period from 11 December 2023 (inclusive) presumably up to 31 January 2025 (inclusive).

On 11 December 2023, share buyback programme started

On 29 December 2023 Zumtobel Group AG announced, in accordance with Section 135 (1) of the Austrian Stock Exchange Act, that the total number of voting rights in Zumtobel Group AG equalled 43,146,657 at the end of December 2023 and that the new share capital of the company equalled EUR 107,866,642.50. The change in the total number of voting rights and share capital resulted from the withdrawal of 353,343 treasury shares and took effect on 15 December 2023.

New voting rights total for Zumtobel Group AG

In connection with the presentation of earnings for the third quarter of 2023/24, the Zumtobel Group announced the extension of the Management Board contracts with CFO Thomas Erath up to 30 September 2027 and with COO Bernard Motzko up to 30 September 2026.

Extension of Management Board contracts with Thomas Erath and Bernard Motzko

No other significant events occurred during the reporting year.

1.4 Internal Control System and Risk Management

1.4.1 Internal control system

ICS structure and focus	<p>The internal control system in the Zumtobel Group (abbreviated in the following as "ICS") supports the attainment of corporate goals. The ICS is defined as the total of all process-based monitoring and management measures to safeguard Group assets, to ensure the completeness and reliability of information and systems, to support the efficiency and effectiveness of processes and to guarantee compliance with legal, contractual and internal rules and regulations.</p> <p>The structure and design of the Zumtobel Group's ICS are based on recognised international governance guidelines such as the framework issued by the Committee of the Sponsoring Organizations of the Treadway Commission (COSO Internal Control – Integrated Framework 2013) and the IT framework (COBIT) published by the Information Systems Audit and Control Association (ISACA), which are adapted where necessary to reflect the Group's business model. The scope of the design and formalisation of the ICS follows a strict risk orientation (benefits), which is critically compared with the expected added expense (costs).</p>
ICS responsibility	<p>Designated business process managers are responsible for implementing and updating the ICS in the individual functional areas, regions and/or business divisions but the final responsibility lies with the Management Board. The ICS is closely linked with the organisationally separate enterprise risk management process, which systematically records and aggregates risks for the process managers on a regular basis and, together with the related measures, prepares reports for various levels up to the Supervisory Board.</p>
ICS monitoring	<p>Monitoring activities are carried out by the quality assurance units in the specialist departments together with the organisationally separate corporate audit and compliance department which has a dual reporting line to the Management Board and Audit Committee. The monitoring process covers the design of controls as well as their operational effectiveness. A strictly organised follow-up process ensures that any identified weak points are eliminated as quickly as possible. The designated monitoring functions are based on strict professional standards and subject to regular external review.</p>
ICS elements	<p>The central elements of the ICS in the Zumtobel Group are:</p> <ul style="list-style-type: none">>> The code of conduct, which is supplemented by specific rules (e.g. for invitations)>> The anonymous whistle-blower system>> Corporate policies and procedures>> Clearly defined organisational structures, job specifications and the formal delegation of duties and responsibilities according to the individual functional requirements>> Regular comparison of the actual situation (e.g. cost centre reports) with expected results (e.g. budget)>> Approval and release rules that are integrated in processes as well as process-related and follow-up controls>> Training programmes for employees

The ICS for financial reporting is based on these general ICS elements and contains specific, very detailed rules which are available to employees in the Zumtobel Group's Intranet. Examples of the ICS for financial reporting include the following:

- » Written definition of processes and documentation
- » Approval and release rules which are integrated in the respective processes
- » Accounting and valuation principles (Zumtobel Group Accounting Manual)
- » Uniform, Group-wide closing checklists to document all closing activities

The ICS elements are updated and expanded as required based on a risk-oriented approach.

1.4.2 Risk management

Risk policy approaches

The Zumtobel Group realises that an effective opportunity and risk management system – as well as an internal control system – plays an important role in maintaining and expanding its competitive position. Risk management in the Zumtobel Group covers the direct interaction and handling of risks to protect the asset, financial and earnings positions and to support the identification of opportunities and the evaluation of entrepreneurial decisions. The goal of risk management is to identify risks and opportunities at an early point in time through a systematic approach, and thereby permit the implementation of suitable measures to deal with changes in the operating environment. Risk management in the Zumtobel Group is an independent strategic process as well as an integral part of operational management. The basic instruments for the monitoring and management of risks are the risk management software which is installed in all Group companies as well as standardised planning and controlling processes, Group guidelines, regular reporting and the internal control system.

The corporate risk management department, a section of the controlling department at corporate headquarters, is responsible for the continuous development of risk management processes as well as the coordination of Group-wide risk management and risk monitoring. The risk management system used by the Zumtobel Group is closely linked with corporate controlling processes and the internal control system. The underlying framework for these two systems is formed by the principles of the COSO (The Committee of Sponsoring Organizations of the Treadway Commission) ERM Framework 2017. Guidelines and process descriptions for risk management are available to all companies in the Zumtobel Group.

Reporting plays a central role in the monitoring and management of economic risks. The operating units provide the Management Board with regular information on the current and expected development of business as well as the existing risks and available opportunities. In addition, the Audit Committee of the Supervisory Board receives semi-annual reports on the Group's major risks and opportunities. The tools and processes used by the Group to identify and evaluate risks are continuously developed and improved with the support of internal audit. The auditor evaluates the effectiveness of risk management in the Zumtobel Group each year and reports to the Supervisory and Management Boards on the results of this review.

The opportunities for the Zumtobel Group are described in detail under "The Zumtobel Group - An Overview". The major risks and countermeasures are discussed in the following sections:

ICS for financial reporting

Systematic approach for the early identification of opportunities and risks

Risk management based on recognised standards and best practice

Central role of reporting

Market and competitive risks in the lighting industry

Macroeconomic risks

The global economy has proven to be generally robust, even in the context of multiple geopolitical crises. In its latest World Economic Outlook, the International Monetary Fund forecasts steady but in historical comparison, low growth in 2024 and 2025. The economic outlook for Europe, our most important market, is still subdued – for example in Germany and Austria as well as Great Britain.

The commercial construction industry, which has a significant influence on the professional lighting market, remains weak with only slight real growth in Europe and declines in several key markets. Shifts in major customer segments – for example, industry, office and sales – are possible and could lead to very different growth rates within the individual application areas as well as changes in the product mix. Moreover, the lack of qualified employees, continuing high interest rates and persistently high inflation in some countries could have a negative influence on investments and growth.

Restructuring risks

Necessary measures to bring structural costs and capacity in line with the difficult market environment or the strategic reorientation of the Zumtobel Group can lead to additional restructuring costs and thereby have a negative effect on earnings. The production plant for lighting and components which opened in Niš (Serbia) during 2018 creates new opportunities, but also involves short-term risks that could lead to the relocation of production.

Technology risks

The COVID-19 crisis triggered a massive increase in the pace of digitalisation in many areas. The result was a sharp rise in energy costs during the 2021/22 financial year, which have since stabilised at a high level and recently declined slightly – but the awareness is still high. In the lighting sector, this has been reflected in a growing demand for system solutions that use the replacement of lighting as an opportunity to reduce energy costs and, at the same time, integrate additional digital functions. A more extensive offering with clear added value for customers can create opportunities, but also increase system complexity and, consequently, the risk of customer dissatisfaction and complaints. The wide range of technologies in use also increases the risk of infringement of third-party property rights. Today's operating and control equipment contains an increasing number of semiconductors, which means the lighting sector is also heavily affected by the supply situation for these input products. The digitalisation of customer to customer processes (end2end), on the one hand, and the growing use of software in integrated products, on the other hand, increases the risk of cyberattacks on the company and its customers, with the related negative effects on revenue and earnings.

Business risks

Access to global decision-making networks

Access to a global network of opinion leaders and decision makers is important for both the project business and the OEM business in the Zumtobel Group. Personal contacts and meetings with customers, among others to physically present new products, are again possible after the limitations caused by the COVID-19 pandemic in recent years. Trade fairs have also restarted in traditional form. However, uncertainty over the further development of business has reduced the interest in investments.

The technology and cost potential of the light source LED has been generally exhausted, a situation that is making differentiation from the competition more difficult. In the conventional lighting and components business, the Zumtobel Group is challenged to defend its strong technology position in the industry and adapt new developments to meet the changing requirements of various applications. The pressure on margins – especially for new products – is certain to increase. However, the market acceptance of systems with new digital functions that are often accompanied by new business models is difficult to predict.

The Zumtobel Group operates in a global business environment, whereby Europe is the most important market by far with around 85% of revenues. The wars in Ukraine and the Near East have also massively increased the political risk in Europe, primarily due to the uncertainty connected with supplies of certain materials and energy (oil and natural gas). The sharp rise in energy costs is weakening the competitive ability of Europe's industry. This has had not only a direct impact on the Zumtobel Group, but also an indirect impact from its customers in the industrial sector through the postponement of new construction or outsourcing from Europe. The high level of inflation – in spite of the recent slight downward trend – has led to greater reservation on the part of professional as well as private consumers, and this general reluctance to spend is creating economic problems for many companies.

A lack of specialised personnel, for example in R&D and IT, can endanger the successful pursuit of a company's strategy over the long-term and prevent the full realisation of growth opportunities. The Zumtobel Group ensures the availability of the necessary expertise through training and continuing education for employees in internal academies as well as external institutions. Other important elements of human resources work are performance-based remuneration, a positive working climate, international career opportunities and measures to support the work-life balance.

On the procurement market, no clear supply or cost trends applicable to all product groups can be detected at the present time. The price-index curves for the materials most frequently used by the Zumtobel Group (steel, aluminium and copper) currently show short-term aspects not seen in a longer period after the continuing ups and downs triggered by the corona crisis and geopolitical developments in recent years. Announcements of temporary capacity reductions trigger immediate market reactions with accompanying price adjustments. Greater supply shortages of the above materials are not in sight at present, provided there are no further unplanned significant geopolitical events.

The availability of plastics generally improved during the past year. The in part reduced demand was reflected in a slight decline in costs.

A slight downward trend in the prices for electronic components and LEDs is visible, but the first signs of a possible supply/demand imbalance have appeared and, in the worst case, could lead to a new allocation. The Zumtobel Group manages potential supply risks with regular market monitoring and multiple sourcing (multiple suppliers for the same product). Moreover, a dynamic security system regularly screens the availability of key components and issues a recommended security level for these stocks .

The sustainability and long-term nature of supplier relationships as well as mutual trust and the early identification of potential problems places us in a good position to master procurement challenges.

Market acceptance of new products

Political risks

Risks in human resources management

Procurement risks

IT security risks

Information security is an entrepreneurial aspect that covers all areas of the business. A wide range of processes, guidelines and measures have been implemented and are regularly reviewed and updated to ensure that the Group's information security meets the demands of the business. Included here are staff training and technological measures in various areas like IT (Information Technology) and OT (Operational Technology). IT risks are minimised by state-of-the-art hardware and software with appropriate service and maintenance contracts. The IT security concept is based on the following functions: identify, protect, detect, respond and recover. Multistage firewalls and virus protection concepts have been installed to prevent hacker attacks as best as possible. The Zumtobel Group's IT systems are protected by a modern high-security computing centre and a back-up facility with a scenario that is tested regularly. The routine replacement of hardware and software minimises the risk of breakdown and data loss.

Asset risks

A policy that calls for regular maintenance and replacement investments reduces the risk of production losses. Investments in key equipment are linked to maintenance contracts. A resident fire brigade at the main production locations in Austria as well as the regular review of technical safety standards by external experts and inspections by technical specialists minimise the risk of damage and business interruption. The Zumtobel Group has also concluded comprehensive all-risk insurance that will generally provide compensation for substantial damage to assets. Risk management works closely with the insurance department to identify other risks that can be insured and arranges for appropriate coverage.

Inventory valuation risks

The balance sheet risks arising from inventories are reduced with a prudent valuation approach that also includes turnover rates. Shorter innovation cycles and the rising complexity of digital lighting systems require stricter inventory management. This approach also reduces the risk of inventory write-offs.

The Zumtobel Group's inventories are dependent on warehousing strategies, material prices and exchange rates as well as delivery times and availability. Delivery delays at the component level can postpone the completion of entire projects and create a greater risk of contract cancellations by customers. This, in turn, can lead to increased inventories and a higher risk of write-downs. The Zumtobel Group's sales department maintains close contact with customers to reduce this risk. Information systems were also significantly optimised and expanded to improve internal and external communications.

The tense supply chain situation again improved considerably during 2023/24. The current situation on the Red Sea has only had a slight negative effect on the Group's supply capability to date. Raw material prices have stabilised at the prior year level, and volatility has declined substantially.

Product liability risks

Product liability risks, meaning the risks of regress claims and subsequent damage to the Group's image as a result of quality defects, can be caused by errors in the internal and/or external supply chain. Quality assurance systems monitor compliance with the Group's internally defined, high standards for product quality. The Zumtobel Group also carries product liability insurance. The lighting industry has seen a trend towards longer guarantee periods in recent years – especially for road lighting projects – which leads to higher guarantee costs, warranty provisions and revenue accruals.

Legal risks

Legal risks can arise, among others, from changes in laws or administrative practice, from political risks, legal disputes or changes in environmental regulations. The Zumtobel Group's legal department regularly reviews the legal environment in the core regions and evaluates all pending proceedings to ensure that suitable actions are taken at the appropriate time. The Group's intellectual property is seen as a major competitive factor and is therefore regularly monitored and protected. Third party property rights are systematically respected. The Zumtobel Group is party to numerous proceedings with administrative authorities, courts and arbitration bodies in connection with its business activities, whereby the extent and complexity are typical for a company of this size. Appropriate provisions are recognised for specific cases as required.

Financial risks

Global operations expose the Zumtobel Group to a variety of risks from changes in market prices, exchange rates and interest rates. A detailed description of credit, liquidity and market risks is provided under "Information on risk management" in the notes to the consolidated financial statements. Other risks are related to financing and the balance sheet. The Group's financing is managed by the central corporate treasury department.

In order to protect its ability to meet its payment obligations at any time, the Zumtobel Group maintains liquidity in the form of cash and cash equivalents that are available on a daily basis to meet expected operating expenses and financial liabilities. The Zumtobel Group also has extensive financing agreements at its disposal to safeguard long-term financing requirements and to settle the short-term liquidity fluctuations that result from business activities. Possible risks based on interest rate increases by the central banks are addressed in the notes to the consolidated financial statements.

Financing risk

The consortium credit agreement concluded on 15 December 2021 represents a major financing agreement for the Zumtobel Group. It has a term ending in December 2028 (2022/23: December 2027) and a maximum line which currently equals EUR 125 million. This agreement was converted to an "ESG linked loan" in June 2023 which is connected with the sustainability strategy and performance and also couples financing costs with the target attainment as evidenced by the EcoVadis sustainability rating and the reduction of Scope 3 CO₂ emissions. A total of EUR 5 million was drawn under this agreement as of 30 April 2024 (2022/23: no funds drawn). Two long-term credit agreements were also concluded with the European Investment Bank (EIB) for EUR 30 million and EUR 40 million, respectively, with bullet repayment and terms ending in September 2024 and February 2025. Both facilities were fully drawn as of 30 April 2024. These significant financing agreements include a change of control clause that would take effect if the Zumtobel family syndicate were no longer the largest shareholder group or if their holding fell below a specified threshold. They also require compliance with specific financial covenants (a debt coverage ratio of less than 3.55 and an equity ratio of more than 23.5%). The financial covenants were met in full as of 30 April 2024 with a debt coverage ratio of 0.73 (2022/23: 0.62) and an equity ratio of 43.1% (2022/23: 42.1%). The consortium credit agreement also includes a clause for an increase of up to EUR 225 million which can be drawn under certain circumstances.

The Zumtobel Group also has unsecured credit lines of EUR 43.3 million (2022/23: EUR 43.2 million) at its disposal to meet short-term liquidity fluctuations. The interest rates are dependent on local market circumstances and reflect ordinary conditions in the respective countries.

A cash pooling system for the major European countries is used to improve the efficiency and effectiveness of liquidity management. It allows for the optimisation of interest income and expense on short-term cash surpluses and borrowings and reduces the need for short-term unsecured overdrafts.

Balance sheet risks	Balance sheet risks arise, above all, from the valuation of individual assets. The Group's asset and earnings positions are directly influenced by foreign exchange effects as well as the necessary use of estimates and judgment in valuing non-financial assets, deferred tax assets, the provisions for pensions, termination benefits and service anniversary bonuses, and the provisions for guarantees and warranties. The major balance sheet risks for the Zumtobel Group are related to goodwill from acquisitions, the valuation of capitalised development costs and inventories, and the valuation of the pension fund in Great Britain. Detailed information on goodwill is provided in the notes to the consolidated financial statements. Assets with an indefinite useful life are tested each year for signs of impairment, while assets with a finite useful life are tested when there are indications of impairment.
Pension obligation risks	The Zumtobel Group companies in Germany, Great Britain, Sweden, Norway, Australia and Switzerland have implemented defined benefit pension plans. The obligations remaining after the deduction of plan assets are recognised as provisions. The amount of the pension provision is dependent primarily on the market value of the invested assets, but also on the development of wages and salaries, life expectancy according to the applicable mortality tables, and the discount rate. Additional details on this subject are provided in the notes to the consolidated financial statements.
Physical risks	<p>Climate and environmental risks</p> <p>The Zumtobel Group systematically analyses climate-related risks. A differentiation is made between two categories of risks: the physical risks resulting from the expected climate change and the transition risks resulting from the transformation to a low CO₂ economy.</p> <p>Current potential risks are identified within the context of taxonomy, and two representative scenarios are used to evaluate these prospective risks. Climate risks are evaluated for each location, previously implemented measures are assessed and, if necessary, new measures are defined.</p> <p>The evaluation of the locations did not identify any notable risks. Increased precipitation and rising temperatures are connected with low, potentially long-term physical risks, and suitable steps were, and will be, taken to manage these risks. The related activities address possible effects like damage to assets, the interruption of procurement processes or production stops. Procedures to manage climate and other risks are compiled in an emergency response plan.</p>

An analysis of climate scenarios showed an increase in the number of heat waves, potential dry periods and an increase in the number and intensity of extreme weather events, but did not identify any major risks or need for short-term actions.

In general, the assessment of the physical risks at all locations indicates that the Zumtobel Group is less affected by climate change.

Political and legal developments have led to an increase in reporting and disclosure requirements that has been accompanied by stricter legislation, e.g. on the reduction of emissions. These developments were proactively included and assessed in the context and impact analysis of the management system and followed by the timely implementation of appropriate measures. Goals were formulated to reduce emissions, and significant measures were initiated and implemented to reach net zero.

Transition risks

Potential technological risks include the competitive ability of our products from a sustainability viewpoint. The product development process therefore includes tools like the lifecycle assessment and circular design rules to provide our customers with sustainable and highly energy efficient products and services as well as product-related information like environmental product declarations.

Other potential risks result not only from market trends but also from customer demands for environmentally friendly products and services and the inclusion of a company's sustainability performance in purchase decisions. In addition to expanding the offering of energy-efficient products and sustainable services, the Zumtobel Group follows a strategy that is designed to continuously develop and improve its sustainability performance along the entire value chain.

A company's reputation can be potentially damaged when products and services are not sustainable or are perceived as not sufficiently sustainable. Communication that is not credible and fact-based can lead to a loss of confidence. Consequently, the Zumtobel Group places high priority on fact-based communications over sustainability and environmental issues. The environmental impact of products is systematically documented by independent, validated environmental product declarations. The progress made by the Zumtobel Group in improving its sustainability performance is visible, for example, in the external EcoVadis rating.

In the transition to a low CO₂ economy, the potential risks are contrasted by substantial opportunities on the selling side – and the Zumtobel Group is optimally positioned to utilise these opportunities.

**No recognisable risks
that could endanger
the continued
existence of the
Group**

Overall risk evaluation of the Zumtobel Group

The overall assessment of the above risks and opportunities is principally based on market risks which are dependent on economic developments that influence prices and volumes for both sales and procurement. The technological transformation process is connected with risks in the form of rising product and system complexity, but also creates opportunities through the development of new market segments and applications. The substantial energy savings potential of new innovative lighting solutions, in particular, supports customers' sustainability efforts and makes an important contribution to reducing CO₂ emissions. In this way, the Zumtobel Group with its portfolio of products and services, operates in future-proof and promising business areas.

The efficiency improvements created by LED technology and system integration are shortening product innovation cycles and, in this way, increasing the risk of write-offs to inventories and capitalised development costs. In contrast, internal production processes are associated with substantially lower risk.

Group controlling and the internal control system are able to quickly identify all major risks. Based on the information available at the present time, there are no major individual risks that could endanger the continued existence of the Zumtobel Group.

1.5 Outlook and Goals for 2024/25

- >> Revenue growth at least slightly over previous year
- >> Adjusted EBIT margin of 3% to 6%

In its latest World Economic Outlook, the International Monetary Fund (IMF) sees continuous but, in historical comparison, low growth for 2024 and 2025. IMF projections point to growth of 3.2% for the global economy in 2024 and 2025, whereby the latest update reflects a slight upward revision. The outlook for our home market in Europe remains subdued – especially in Germany and Austria, but also in Great Britain. Growth of 0.8% and 1.5%, respectively, is now expected for 2024 and 2025. The D/A/CH region (Germany, Austria, Switzerland), a key market for the Zumtobel Group, is projected to generate moderate growth in 2024 and 2025: 0.2% and 1.3% in Germany, 0.4% and 1.6% in Austria, and 1.3% and 1.4% in Switzerland. The economy in Great Britain will remain weak, at least this year, with forecasted growth of 0.5% in 2024 and 1.5% in 2025

The management of the Zumtobel Group continues to see the current geopolitical and economic situation as stressed. That makes it difficult to predict economic developments in the 2024/25 financial year. The further course of the war in Ukraine and in the Near East, the development of energy, raw materials and transport prices, continuing higher personnel costs, and inflation and interest rate trends will have a significant influence on the global economy and, in turn, on the success of the Zumtobel Group. Against this backdrop and with reference to the above-mentioned uncertainties, the Management Board expects moderate revenue growth at least slightly above the prior year level for the 2024/25 financial year. The adjusted EBIT margin is expected to range from 3% to 6%.

Reserved economic forecasts with positive trend

Outlook on 2024/25: revenues at least slightly over previous year and adjusted EBIT margin of 3–6%

1.6 Additional Information

1.6.1 Information pursuant to § 243a of the Austrian Commercial Code

1. The share capital of Zumtobel Group AG totals EUR 107,866,642.50 and is divided into 43,146,657 zero par value bearer shares, which are fully paid-in and have a proportional value of EUR 2.50 each in share capital. All 43,146,657 shares are securitised in a collective certificate, which is deposited with Österreichische Kontrollbank (OeKB). The company's shares are listed under ISIN AT0000837307 and were admitted to trading on the Vienna Stock Exchange as of 30 April 2024. As of 30 April 2024, the company held 256,314 shares as treasury stock.
2. Each share entitles the holder to one vote and carries the right to participate in the company's annual general meetings.

AUGMENTOR private foundation (4,620,752 shares), ASTERIX private foundation (200,752 shares), GENVALOR private foundation (2,586,598 shares), Hektor private foundation (610,155 shares), ORION private foundation (1,633,567 shares), Ingrid Reder (64,088 shares), Caroline Reder (100,000 shares), Christine Reder (100,000 shares), Fritz Zumtobel (166,210 shares), Nicholas Zumtobel (5,760 shares), Caroline Zumtobel (5,450 shares), Isabel Zumtobel (6,048 shares), Karin Zumtobel-Chammah (24,998 shares), Jürg Zumtobel (144,248 shares) and Obelix private foundation (5,332,185 shares) (together: the "syndicate") are parties to a syndicate contract.

The syndicate contract requires the parties to agree on a course of action for each point on the agenda prior to an annual general meeting and to designate one party as a representative to vote on behalf of all parties in accordance with the decisions made by the syndicate. The Management Board is not familiar with any additional information on the syndicate contract.

The articles of association do not include any restrictions on the transfer of shares. With the exception of the syndicate contract, the Management Board is not aware of any other agreements that restrict the transfer of shares.

3. The syndicate held 36.16% of the company's share capital as of 30 April 2024.
4. There are no shares with special control rights.
5. Employees who hold shares in the company exercise their voting rights directly at the annual general meeting.
6. If a member of the Supervisory Board resigns before the end of his/her term of office, a replacement will be elected at the next general meeting. However, vacant seats must be filled without delay by an extraordinary general meeting if the number of members on the Supervisory Board falls below three. New members are elected for the remaining term of office of the member who has resigned. The maximum age for members of the Management Board on the date of initial appointment or reappointment is 65 years. There is no age limit for the initial appointment or reappointment of members to the Supervisory Board. The premature dismissal of Supervisory Board members is possible with a simple majority of the votes cast.
7. The general meeting passes its resolutions with a majority of votes cast, unless legal or other requirements call for a greater majority. There are no other extra-legal regulations governing the appointment or dismissal of members of the Management Board and Supervisory Board or amendments to the company's articles of association.

8. The consortium credit agreement concluded on 15 December 2021 represents a major financing agreement for the Zumtobel Group. It has a term ending in December 2028 (2022/23: December 2027) and a maximum line which currently equals EUR 125 million. This agreement was converted to an "ESG linked loan" in June 2023 which is connected with the sustainability strategy and performance and also couples financing costs with the target attainment as evidenced by the EcoVadis sustainability rating and the reduction of Scope 3 CO₂ emissions. A total of EUR 5 million was drawn under this agreement as of 30 April 2024 (2022/23: no funds drawn). Two long-term credit agreements were also concluded with the European Investment Bank (EIB) for EUR 30 million and EUR 40 million, respectively, with bullet repayment and terms ending in September 2024 and February 2025. Both facilities were fully drawn as of 30 April 2024. These significant financing agreements include a change of control clause that would take effect if the Zumtobel family syndicate were no longer the largest shareholder group or if their holding fell below a specified threshold. They also require compliance with specific financial covenants (a debt coverage ratio of less than 3.55 and an equity ratio of more than 23.5%). The financial covenants were met in full as of 30 April 2024 with a debt coverage ratio of 0.73 (2022/23: 0.62) and an equity ratio of 43.1% (2022/23: 42.1%). The consortium credit agreement also includes a clause for an increase of up to EUR 225 million which can be drawn under certain circumstances.

9. The Executive Board contracts include a change-of-control clause that also applies in the event of an accepted public takeover bid. Accordingly, each Executive Board member is entitled to terminate his Executive Board contract unilaterally at the end of each month subject to a notice period of six months.

10. The most important elements of the risk management system and the internal control system are described in detail in the management report under "The internal control system and risk management".

1.6.2 Significant events after the balance sheet date

No significant events occurred after the balance sheet date on 30 April 2024 which would have led to a change in the company's asset, financial or earnings position.

Dornbirn, 26 June 2024

The Management Board

Alfred Felder
Chief Executive Officer (CEO)

Thomas Erath
Chief Financial Officer (CFO)

Bernard Motzko
Chief Operating Officer (COO)

Marcus Frantz
Chief Digital Transformation Officer (CDTO)

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2. Consolidated Financial Statements

2.1 Consolidated Income Statement

in TEUR	Notes	2023/24	2022/23
Revenues	2.6.4.1	1,126,975	1,209,200
Cost of goods sold	2.6.4.2	(730,930)	(789,022)
Gross profit		396,045	420,178
Selling expenses	2.6.4.2	(304,640)	(297,624)
Administrative expenses	2.6.4.2	(47,958)	(42,296)
Other operating income	2.6.4.3	6,228	5,172
Other operating expenses	2.6.4.3	(207)	(1,171)
Operating profit		49,468	84,259
Interest expense	2.6.4.4	(11,765)	(7,254)
Interest income	2.6.4.4	697	445
Other financial income and expenses	2.6.4.5	(3,525)	(7,167)
Result and impairment from associated companies		0	(4,252)
Financial results		(14,593)	(18,228)
Profit before tax		34,875	66,031
Income taxes	2.6.4.6	(10,186)	(6,061)
Net profit for the year		24,689	59,970
thereof due to non-controlling interests	2.6.6.4	113	430
thereof due to shareholders of the parent company		24,576	59,540
Average number of shares outstanding – basic (in 1,000 pcs.)		43,105	43,147
Average number of shares outstanding – diluted (in 1,000 pcs.)		43,105	43,147
Earnings per share (in EUR)	2.6.4.7		
Earnings per share (diluted and basic)		0.57	1.39

2.2 Consolidated Statement of Comprehensive Income

in TEUR	Notes	2023/24	2022/23
Net profit for the year		24,689	59,970
Actuarial gain/loss	2.6.5.3	(4,203)	5,587
Deferred taxes due to actuarial gain/loss	2.6.5.5	185	(1,598)
Total of items that will not be reclassified ("recycled") subsequently to the income statement		(4,018)	3,989
Currency differences	2.6.5.1	849	(4,419)
Currency differences associates	2.6.5.1	0	172
Currency differences arising from loans	2.6.5.2	1,334	(5,796)
Deferred taxes due to loans	2.6.5.5	(299)	584
Cash flow hedges	2.6.5.4	42	0
Deferred taxes due to cash flow hedges	2.6.5.5	(10)	0
Total of items that will be reclassified ("recycled") subsequently to the income statement		1,916	(9,459)
Subtotal other comprehensive income		(2,102)	(5,470)
thereof due to non-controlling interests	2.6.6.5	36	(33)
thereof due to shareholders of the parent company		(2,138)	(5,437)
Total comprehensive income		22,587	54,500
thereof due to non-controlling interests		149	397
thereof due to shareholders of the parent company		22,438	54,103

2.3 Consolidated Balance Sheet

in TEUR	Notes	30 April 2024	30 April 2023
Goodwill	2.6.6.1	193,783	193,026
Other intangible assets	2.6.6.2	49,510	50,350
Property, plant and equipment	2.6.6.3	255,288	250,512
Financial assets	2.6.6.5	5,323	5,336
Other assets	2.6.6.6	3,309	3,535
Deferred taxes	2.6.6.7	32,629	38,297
Non-current assets		539,842	541,056
Inventories	2.6.6.8	180,362	194,414
Trade receivables	2.6.6.9	171,862	169,743
Financial assets	2.6.6.5	4,373	2,083
Other assets	2.6.6.6	30,419	36,171
Liquid funds	2.6.6.10	60,375	58,918
Current assets		447,391	461,329
ASSETS		987,233	1,002,385
Share capital	2.6.8.1	107,867	108,750
Additional paid-in capital	2.6.8.2	334,638	335,316
Reserves	2.6.8.3	(18,536)	(23,715)
Capital attributed to shareholders of the parent company		423,969	420,351
Capital attributed to non-controlling interests	2.6.6.4	1,273	1,374
Equity	2.6.8	425,242	421,725
Provisions for pensions	2.6.6.11	47,109	52,610
Provisions for termination benefits	2.6.6.11	37,217	36,626
Provisions for other employee benefits	2.6.6.11	8,233	8,125
Other provisions	2.6.6.14	19,744	20,159
Borrowings	2.6.6.15	43,212	111,038
Other liabilities	2.6.6.18	18,808	17,861
Deferred taxes	2.6.6.8	3,903	2,929
Non-current liabilities		178,226	249,348
Provisions for taxes		13,108	17,275
Other provisions	2.6.6.14	27,275	22,934
Borrowings	2.6.6.15	95,738	36,436
Trade payables		105,774	96,577
Other liabilities	2.6.6.18	141,870	158,090
Current liabilities		383,765	331,312
EQUITY AND LIABILITIES		987,233	1,002,385

2.4 Consolidated Cash Flow Statement

in TEUR	Notes	2023/24	2022/23
Profit before tax	2.1	34,875	66,031
Depreciation and amortisation	2.6.4.2	56,345	55,272
Impairment of property, plant and equipment and intangible assets	2.6.4.2	276	50
Gain/loss on the disposal of property, plant and equipment and intangible assets		(629)	63
Other non-cash financial results	2.6.4.5	3,525	7,167
Interest income/ Interest expense	2.6.4.4	11,068	6,809
Share of profit or loss and impairment in associated companies		0	4,252
Changes in the scope of consolidation		385	561
Cash flow from operating results		105,845	140,205
Inventories		14,165	13,953
Trade receivables		(1,861)	(17,886)
Trade payables		8,856	(21,472)
Prepayments received		(14,719)	1,566
Change in working capital		6,441	(23,839)
Non-current provisions		(12,723)	(9,835)
Current provisions		4,296	(1,032)
Other assets		6,743	(3,211)
Other liabilities		(626)	12,256
Change in other operating items		(2,310)	(1,822)
Income taxes paid		(7,692)	(8,331)
Cash flow from operating activities		102,284	106,213
Cash inflows from the disposal of property, plant and equipment and other intangible assets		2,021	387
Cash outflows for the purchase of property, plant and equipment and other intangible assets		(50,847)	(54,484)
Change in non-current and current financial assets		(329)	(303)
Interest received		684	446
Cash flow from investing activities		(48,471)	(53,954)
FREE CASH FLOW		53,813	52,259
Cash proceeds from non-current and current borrowings	2.6.7.2	6,360	2,464
Cash repayments of non-current and current borrowings	2.6.7.2	(16,386)	(33,030)
Dividend paid to shareholders of the parent	2.6.8.4	(17,259)	(15,101)
Dividend paid to non-controlling interests	2.6.6.5	(255)	(481)
Share buyback		(1,561)	0
Interest paid		(11,627)	(6,942)
Cash flow from financing activities		(40,728)	(53,090)
CHANGE IN CASH AND CASH EQUIVALENTS		13,085	(831)
Cash and cash equivalents at the beginning of the period	2.6.7.1	36,483	41,418
Cash and cash equivalents at the end of the period	2.6.7.1	47,625	36,483
Effects of exchange rate changes on cash and cash equivalents		(1,943)	(4,104)
Change absolute		13,085	(831)

2.5 Consolidated Statement of Changes in Equity

2023/2024 Financial Year

Notes in TEUR	Attributed to shareholders of the parent company						Total	Non-controlling interests	Total equity	
	Share capital	Additional paid-in capital	Other Reserves	Currency reserve	Reserves for cash flow hedges	Reserve IAS 19				
30 April 2023	108,750	335,316	110,722	(34,964)	0	(99,473)	420,351	1,374	421,725	
+/- Net profit for the year	2.1	0	0	24,576	0	0	24,576	113	24,689	
+/- Other comprehensive income	2.2	0	0	0	1,848	32	(4,018)	(2,138)	36	(2,102)
+/- Total comprehensive income		0	0	24,576	1,848	32	(4,018)	22,438	149	22,587
+/- Capital decrease through withdrawal of own shares		(883)	883	0	0	0	0	0	0	0
+/- Share buyback		0	(1,561)	0	0	0	(1,561)	0	(1,561)	
+/- Changes in the scope of consolidation		0	0	(470)	0	0	470	0	0	0
+/- Dividends	2.6.8.4	0	0	(17,259)	0	0	0	(17,259)	(250)	(17,509)
30 April 2024	107,867	334,638	117,569	(33,116)	32	(103,021)	423,969	1,273	425,242	

2022/23 Financial Year

Notes in TEUR	Attributed to shareholders of the parent company						Total	Non-controlling interests	Total equity	
	Share capital	Additional paid-in capital	Other Reserves	Currency reserve	Reserves for cash flow hedges	Reserve IAS 19				
30 April 2022	108,750	335,316	66,283	(25,538)	0	(103,462)	381,349	1,452	382,801	
+/- Net profit for the year	2.1	0	0	59,540	0	0	59,540	430	59,970	
+/- Other comprehensive income	2.2	0	0	0	(9,426)	0	3,989	(33)	(5,470)	
+/- Total comprehensive income		0	0	59,540	(9,426)	0	3,989	54,103	397	54,500
+/- Dividends	2.6.8.4	0	0	(15,101)	0	0	0	(15,101)	(475)	(15,576)
30 April 2023	108,750	335,316	110,722	(34,964)	0	(99,473)	420,351	1,374	421,725	

2.6 Notes

2.6.1 General Information

The consolidated financial statements were prepared in accordance with § 245a of the Austrian Commercial Code and the provisions of IFRS/IAS that were issued by the International Accounting Standards Board (IASB) as well as all interpretations (IFRIC/SIC) of the International Financial Reporting Interpretations Committee and Standing Interpretations Committee that were valid as of the balance sheet date, to the extent that these regulations have also been adopted by the European Union through its endorsement proceedings. Therefore, the consolidated financial statements of Zumtobel Group AG comply with all International Financial Reporting Standards (IFRS) that are applicable in the European Union for the 2023/24 financial year. The accounting and measurement policies applied to the assets and liabilities were based on the assumption that the company is a going concern. No risks were identified that could endanger the standing of the Zumtobel Group as a going concern.

The Management Board of Zumtobel Group AG released the consolidated financial statements for distribution to the Supervisory Board on 26 June 2024. The Supervisory Board is responsible for examining the consolidated financial statements and issuing a statement that indicates whether it approves the consolidated financial statements. The relevant Supervisory Board meeting is scheduled for 26 June 2024 in Dornbirn.

The Zumtobel Group is an international lighting corporation. The headquarters of the parent company, Zumtobel Group AG, are located at Höchster Strasse 8, A-6850 Dornbirn, Austria, and the company is registered with the Provincial and Commercial Court in Feldkirch, Austria, under FN 62309g. The balance sheet date is 30 April, and the reporting year covers the period from 1 May 2023 to 30 April 2024. The reporting currency is the euro. The business activities of the Group are carried out through the Lighting Segment (lighting solutions, interior and exterior lighting, electronic-digital lighting and room management systems) and the Components Segment (electronic lighting components and LED lighting components).

The annual financial statements of the companies included in the consolidated financial statements were prepared on the basis of uniform accounting and valuation principles. The income statement was prepared in accordance with the cost of sales method. In order to improve the transparency and explanatory power of these consolidated financial statements, certain items were combined on the balance sheet and income statement and are presented separately in the notes. The amounts in the tables are presented in thousand euros (TEUR), unless stated otherwise. The use of automatic data processing equipment can lead to rounding differences.

The consolidated financial statements were prepared on the basis of historical acquisition cost, with the exception of the following positions:

- >> Derivative financial instruments carried at fair value through other comprehensive income (FVTOCI)
- >> Financial instruments carried at fair value through profit or loss (FVTPL)

2.6.2 Scope of Consolidation and Consolidation Methods

2.6.2.1 Scope of consolidation

The consolidated financial statements for 2023/24 include 85 (2022/23: 87) fully consolidated companies which are controlled by Zumtobel Group AG. In accordance with IFRS 10, control exists when Zumtobel has the power of disposition over the subsidiary and, consequently, can determine the subsidiary's financial and business policies and is exposed to variable returns. Control is generally defined as the majority of voting rights. Contractual obligations in individual cases also establish control when the investment falls below the majority of voting rights.

One company is included in the consolidation at equity (2022/23: one). Nine companies (2022/23: nine) were not included in the consolidation because their influence, individually and in total, on the asset, financial and earnings position of the Group is immaterial. An overview of the Group companies is provided in a list at the end of the notes.

IFRS interim financial statements were prepared as of 30 April for companies that have a different balance sheet date.

Any additional obligations to prepare subgroup financial statements based on local requirements are met with the publication of these consolidated financial statements.

The scope of consolidation changed as follows during the reporting year:

	Consolidation Method		Total
	full	at equity	
30 April 2023	87	1	88
Merged during reporting year	(1)	0	(1)
Liquidated during reporting year	(1)	0	(1)
30 April 2024	85	1	86

Liquidation

Thorn Lighting Nordic AB, Sweden, was liquidated and deconsolidated during the reporting year. The deconsolidation results of TEUR 385 are included under "other operating expenses".

Fusion

FURIAE Immobilien GmbH, Austria, was merged into RFZ Holding GmbH, Austria, during the reporting year.

2.6.2.2 Consolidation methods

Basis of consolidation

The principles set forth in IFRS 3 "Business Combinations" are used to eliminate the investment and equity for subsidiaries included through full consolidation. This method requires the recognition at fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities as of the acquisition date. If the acquisition price exceeds the fair value of the acquired identifiable assets and liabilities, the difference is recognised as goodwill. Any negative differences are recognised immediately to profit or loss in accordance with IFRS 3 "Business Combinations".

Non-controlling interests are carried at the respective proportion of the fair value of recognised assets and liabilities.

The profit or loss recorded by a subsidiary that is acquired or sold during the year is included in the Group income statement as of the effective date of acquisition or up to the effective date of disposal.

The equity method is applied to associated companies over which the Zumtobel Group exercises significant influence – as a rule, based on a 20 - 50% share of voting rights. Companies valued at equity are consolidated in accordance with the proportional share of equity owned by the Zumtobel Group, whereby the carrying amount as of the balance sheet date is adjusted through profit or loss to reflect the proportional share of results for the reporting period less profit distributions received, material interim profits and impairment losses to goodwill. Any changes in the net assets of the investment that are not included in the investee's reporting period results or comprehensive income are recorded without recognition to profit or loss and reported on the statement of comprehensive income.

Other consolidation principles

Intercompany receivables are offset against the corresponding liabilities during the consolidation of liabilities. Revenue and expenses arising from transactions between Group companies are eliminated during the consolidation. Interim profits from inventories as well as the production and transfer of fixed assets between Group companies are eliminated unless they are immaterial.

Foreign currency translation

The functional currency method is used to translate the financial statements of foreign companies included in the consolidation. The local currency represents the functional currency for all these companies because the entities operate independently from a financial, economic and organisational standpoint. The functional currency of the Zumtobel Group is the euro. The translation of the companies' functional currencies into the reporting currency involves the following: Assets and liabilities are translated at the average exchange rate on the balance sheet date; revenues and expenses are translated for the income statement based on monthly average exchange rates. The same applies to the income and expenses recognised directly in equity. The resulting net difference is shown on the statement of comprehensive income.

The most important currencies for the Zumtobel Group are listed in the following table:

1 EUR equals	Average exchange rate: Income Statement		Closing rate: Balance Sheet	
	30 April 2024	30 April 2023	30 April 2024	30 April 2023
AUD	1.6501	1.5353	1.6423	1.6664
CHF	0.9605	0.9908	0.9787	0.9839
USD	1.0827	1.0423	1.0718	1.0981
SEK	11.5187	10.8894	11.7530	11.3515
NOK	11.5470	10.5132	11.8150	11.7910
GBP	0.8612	0.8679	0.8548	0.8805

2.6.3 Accounting and Valuation Methods

2.6.3.1 Effects of new and revised standards and interpretations

The following new, revised and/or expanded standards and interpretations were relevant for the Zumtobel Group for the first time in 2023/24:

Standard/Interpretation	Mandatory application in financial years beginning on or after
IFRS 17	Insurance contracts, incl. changes to IFRS 17
IAS 8	Change: Definition of accounting estimates
IAS 1	Change: Disclosure of accounting policies
IAS 12	Change: Deferred taxes related to assets and liabilities from a single transaction
IAS 12	International Tax Reform— Global Minimum Tax

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts.

The change to IAS 8 involves the differentiation between accounting policies and accounting estimates. The definition of a "change in accounting estimates" was replaced by a definition of "accounting estimates".

The change to IAS 1 covers accounting policies and is intended to clarify which accounting policies must be disclosed in financial statements.

The change to IAS 12 restricts the scope of application for the initial recognition exemption under which deferred tax assets or deferred liabilities may not be recognised after the initial recognition of an asset or a liability. If a transaction leads to an equal amount of deductible and taxable temporary differences at the same time, these items are no longer covered by the initial recognition exemption and deferred tax assets and deferred tax liabilities must be recognised.

These changed standards have no effect, or no material effect, on the Zumtobel Group.

Directive (EU) 2022/2523 of the Council from 14 December 2022 to ensure a global minimum tax for multinational enterprise groups and large-scale domestic groups in the Union was implemented in Austria through the Minimum Taxation Act ("Mindestbesteuerungsgesetz", MinBestG) which took effect on 1 January 2024. The minimum tax is intended to ensure that corporations with worldwide revenues of at least EUR 750 million in all countries where they are active are taxed at an effective tax rate of at least 15%.

Future local tax regulations could result in an additional tax in Serbia. However, the Zumtobel Group currently expects only an immaterial effect due to the safe harbour rules for administrative simplification. The complexity of the rules and the legislative procedures that are still in progress in some countries make it impossible to quantify the exact amount of any minimum tax at the present time. The Zumtobel Group is continuously monitoring the effects of the minimum tax regulations.

The changes to IAS 12 also introduce a temporary exemption for the recognition of deferred taxes in connection with the implementation of global minimum taxation (OECD Pillar 2 rules). They are intended to improve the consistency of financial statements and facilitate the implementation of these regulations. Specific disclosure obligations were also introduced to help investors better understand the effects on a company of the additional taxes resulting from the reform, above all before the various national regulations for the implementation of the minimum tax take effect.

The following new or revised IAS/IFRS/IFRIC interpretations were not applied prematurely. These standards and interpretations were published, but do not yet require mandatory application and/or were not yet adopted by the European Union through its endorsement process. Consequently, they were not applied by the Zumtobel Group in 2023/24:

Standard/Interpretation	Mandatory application in financial years beginning on or after
IFRS 16	Change: Subsequent measurement in connection with a sale and leaseback
IAS 1	1 January 2024
IAS 1	Change: Classification of liabilities as current or non-current
IAS 1	1 January 2024
IAS 7 and IFRS 7	Change: Non-current liabilities with covenants
IAS 7 and IFRS 7	1 January 2024
IAS 21	Change: Supplier finance arrangements
IAS 21	1 January 2025
IFRS 18	Change: Lack of exchangeability
IFRS 18	1 January 2027
IFRS 19	Presentation and disclosures in financial statements
IFRS 19	1 January 2027
	Subsidiaries without public accountability: Disclosures

The Group is currently evaluating the possible effects of the above changes on its consolidated financial statements. To date, no material effects are expected.

2.6.3.2 Major accounting and valuation methods

Goodwill

Goodwill is recognised as an asset and tested for impairment at the level of the relevant cash-generating unit or group of cash generating units. Any impairment is recognised immediately to profit or loss (additional information is provided under note 2.6.3.3 "Discretionary decisions and estimation uncertainty".

Other intangible assets

Patents, licenses and similar rights are recognised at acquisition or production cost in the year of acquisition and amortised on a straight-line basis over their presumed useful life (four to ten years).

Internally generated intangible assets that result from product development or the implementation of software by the Group are only capitalised when the requirements defined in IAS 38.57 – above all the following conditions – are met:

- >> The internally generated asset is identifiable.
- >> It is probable that the asset will generate a future economic benefit.
- >> The cost of the asset can be reliably determined.

Internally generated intangible assets are amortised on a straight-line basis (three to ten years). Capitalised development projects are tested for impairment at least once each year, or when there are indications of impairment, based on business plans for the individual products. Indications of impairment are reflected in a reduction through profit or loss of the carrying amount of the intangible asset and any related equipment. If the recognition of an internally generated intangible asset is not permitted, the related development costs are expensed in the period incurred. Research costs are expensed as incurred.

Property, plant and equipment

Acquired and internally generated property, plant and equipment are recognised at acquisition or production cost and, if depreciable, are depreciated over their presumed useful life on a straight-line basis. Production costs include direct costs as well as an appropriate part of material and production overheads.

Straight-line depreciation for the property, plant and equipment owned by the Zumtobel Group is based on the following rates:

Straight-line depreciation	Depreciation rate per year
Buildings	2 - 3,3%
Technical equipment and machinery	6,7 - 25%
Other equipment, furniture, fixtures and office equipment	6,7 - 33,3%

Straight-line amortisation for rights of use is based on the following rates:

Straight-line amortisation	Amortisation rate per year
Buildings	4,7-50%
Other tangible assets	20,0-33,3%

Leases

The accounting method applied to leases is explained in note 2.6.6.16.

Trade receivables

Trade receivables are initially recognised at the amount of the unconditional consideration. Receivables with a significant financing component are initially recognised at fair value and measured at amortised cost, including the deduction of any required impairment losses, in subsequent periods based on the effective interest method.

The Zumtobel Group continues to account for sold trade receivables at an amount equal to its ongoing commitment, i.e. at the maximum amount of the remaining inherent credit risk and delayed payment risk for the sold receivables, and recognises a corresponding liability to credit institutions. The receivables are subsequently derecognised in line with the reduction in the Zumtobel Group's continuing commitment.

The Group defines the goals of the business model in which the financial asset is held at the portfolio level. Trade receivables can be clearly assigned to portfolios for classification and measurement based on defined criteria: The business model "hold" for the collection of cash flows is generally used for trade receivables. Portfolios assigned to the business model "sell" are covered in full by factoring.

Additional information on the accounting treatment of trade receivables is provided in note 2.6.6.9 and in connection with the description of impairment principles.

Inventories

Inventories are measured at the lower of purchase or production cost (based on the average price method) and the net realisable value. The purchase or production cost of finished goods and work in process also includes an appropriate part of fixed and variable manufacturing and material overheads based on the assumption of normal capacity utilisation. Production cost does not include interest expense or administrative and selling overheads. Appropriate discounts are recorded to reflect the risks arising from the length of storage or reduced opportunities for use or sale; these discounts are standardised throughout the Group and are based on inventory turnover.

Financial instruments

Financial investments and other financial assets

Classification

The Zumtobel Group classifies its financial assets under the following valuation categories:

- >> at fair value through other comprehensive income (FVTOCI) or through profit or loss (FVTPL).
- >> at amortised cost.

The classification is dependent on the business model used by the company to manage the financial instruments and on the respective contractual cash flows.

For assets carried at fair value, the gains and losses are recognised to profit or loss (FVTPL) or to other comprehensive income (FVTOCI). The classification of investments in equity instruments that are not held for trading depends on whether the Group took an irrevocable decision on initial recognition to measure the equity instrument at fair value (FVTOCI).

Recognition and derecognition

A standard market purchase or sale of financial assets is recognised as of the trading date, i.e. the date on which the Group commits to buying or selling the asset. Financial assets are derecognised when the entitlement to receive cash flows from the financial asset expires or is transferred and the Group has principally transferred all risks and rewards associated with ownership.

Measurement

Financial assets in the Zumtobel Group are initially recognised at fair value.

Debt instruments

The subsequent measurement of debt instruments is dependent on the business model used by the company to manage the asset and on the characteristics of the related cash flows. The Zumtobel Group classifies its debt instruments in two relevant valuation categories:

- >> At amortised cost: Assets are carried at amortised cost if they are held to collect contractual cash flows and if these cash flows consist entirely of interest and principal payments. The interest income from these financial assets is calculated according to the effective interest method and reported under financial income. The gains or losses on derecognition are recognised directly to profit or loss and – together with any foreign exchange gains and losses – reported under other financial income/expenses.
- >> FVTOCI: The Group holds no financial assets for the purpose of collecting contractual cash flows and subsequent sale.

Equity instruments

The Group subsequently measures all equity instruments at fair value. In principle, all changes in fair value, included dividends received, are recognised to profit or loss (FVTPL). Impairment losses and revaluations are not reported separately from the other changes in fair value. The Zumtobel Group holds no equity instruments to generate gains from short-term fluctuations in market prices or from trading margins.

Impairment

The Zumtobel Group applies a future-oriented approach to evaluate the expected credit losses on debt instruments carried at amortised cost or at fair value through other comprehensive income. The impairment method depends on whether there has been a significant increase in the credit risk.

For trade receivables, the Group applies the simplified approach provided by IFRS 9 which permits the recognition of the expected credit loss over the term of the receivable beginning with initial recognition.

The measurement of trade receivables without a material financing component is always based on the concept of lifetime expected credit losses. In addition to the deduction of individual valuation allowances, the estimated expected credit losses are evaluated in a six step risk class model based on the customer's actual payment behaviour towards the Group (internal factor), current external credit reports and credit loss insurance as well as the change in macroeconomic country ratings (external factor). Each risk class is assigned to an empirically determined credit loss probability in an impairment matrix and multiplied by the change in the country-specific factor (0.89 – 1.25). The expenses arising from valuation allowances to trade receivables are included under selling expenses (see note 2.6.10.2).

Probability of default per risk class in %

Debtor risk class 1	0.05%
Debtor risk class 2	0.17%
Debtor risk class 3	0.47%
Debtor risk class 4	1.53%
Debtor risk class 5	9.14%
Debtor risk class 6	15.00%

Cash and cash equivalents are principally deposited with system-relevant banks or financial institutions. The Group monitors changes in the default risk continuously through the observation of published external credit ratings. The Zumtobel Group assumes that its cash and cash equivalents have an immaterial risk of default based on these external ratings.

Specific presentation requirements must be observed when impairment losses are recognised. A differentiation is made depending on the type of financial instrument and the level in the impairment model to which a financial instrument is assigned:

- >> Impairment losses to financial assets measured at amortised cost are deducted from the gross carrying amount of the asset.
- >> If, for example, there are objective indications of impairment at the time of initial recognition, the expected credit loss is reflected in the interest rate and the impairment loss is reported separately. A separate risk allowance is not required for changes that take place after initial recognition.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The measurement of financial instruments at fair value follows a three-level hierarchy which is based on the proximity of the input factors to an active market.

- >> Level 1: This level covers financial instruments which are listed on an active market for identical assets or liabilities to which the company has access. The prices quoted on these markets represent fair value.
- >> Level 2: When Level 1 measurement is not possible, fair value is determined under Level 2 based on directly or indirectly observable input factors.
- >> Level 3: If the input factors required for measurement cannot be observed, the financial instrument is measured under Level 3 based on these non-observable input factors.

In the Zumtobel Group, fair value is determined primarily on the basis of input factors that can be observed on the market (Level 2). The fair value of one non-current receivable and other non-derivative financial instruments represents the present value discounted at a market interest rate. The fair value of the current financial instruments reflects the carrying amount due to their short term. The consolidated financial statements do not include any financial instruments whose valuation is based on quoted prices on active markets (Level 1).

The fair value of derivative financial instruments can be reliably determined as of each balance sheet date because measurement is based on observable market input factors – i.e. all measurements are classified under Level 2 (also see note 2.6.10).

The consolidated financial statements also include financial instruments whose measurement is not based on quoted prices or observable market input factors (Level 3). These financial instruments represent securities and similar rights.

Hedge accounting

Derivatives are initially recognised at fair value on the origination date and subsequently re-measured at fair value at the end of each reporting period. The accounting treatment of subsequent changes in fair value depends on whether the derivative is designated as a hedge and, when this is the case, on the type of the underlying hedge relationship. Derivatives designated as hedges are recognised and measured in accordance with the hedge accounting rules defined in IFRS 9. The Zumtobel Group currently designates certain derivatives exclusively as hedges of a net investment in a foreign operation (net investment hedges) or hedges of specific risks connected with the cash flows of recognised assets and liabilities or highly probable transactions (cash flow hedges).

The Zumtobel Group holds no fair value hedges of recognised assets or liabilities or fixed obligations (fair value hedges).

The fair values of derivative financial instruments which are designated in hedging relationships are listed in note 2.6.10. The full fair value of a hedging derivative is classified as a non-current asset or non-current liability when the remaining term of the underlying transaction exceeds 12 months, and as a current asset or current liability when the remaining term of the underlying transaction equals 12 months or less.

Hedge of net investments

The accounting treatment of hedges of net investments in foreign operations is similar to the accounting treatment of cash flow hedges. Gains and losses on the hedging instrument which are attributable to the effective portion of the hedge are recorded on the statement of comprehensive income and accumulated in equity under the reserves for currency differences from loans. Gains or losses accumulated in equity are reclassified to profit or loss when the foreign operation is sold in part or in full.

Derivatives that are not accounted for as hedges

The Zumtobel Group holds foreign currency derivatives (primarily currency futures) which do not meet the requirements for hedge accounting. Changes in the fair value of a derivative instrument which is not accounted for as a hedge are recognised immediately to profit or loss.

The derivatives are accounted for as other financial assets or other liabilities depending on the fair value.

Hedges of cash flow risks

The effective portion of the changes in the fair value of derivatives designated as hedges within the framework of cash flow hedge accounting is recorded under the cash flow reserve as part of equity. The gain or loss on the ineffective portion is recognised immediately to profit or loss and recorded under other gains/losses. No ineffectiveness was identified in the hedges in 2023/24 and, consequently, no gain or loss on the ineffective portion was recorded.

The Zumtobel Group uses cash flow hedges as part of EUR-interest rate swaps to hedge long-term, variable interest loans. The gain or loss on the interest rate swaps is reported under financial results for the period in which the interest expense for the hedged loan is due.

Current and non-current assets and liabilities

Assets and liabilities whose realisation or payment is expected or due within a 12-month period are classified as current. All other assets and liabilities are classified as non-current.

Categories and subsequent measurement of financial liabilities

The measurement of financial liabilities is based on the assignment to certain categories, which are differentiated and described below:

- >> At fair value through profit or loss
- >> At fair value through comprehensive income
- >> At amortised cost

Borrowings and other financial liabilities

Borrowings are carried at amortised cost. Any transaction costs or differences between the amounts received and the repayment amount are recognised to profit or loss on a straight-line basis over the expected term of the loan in accordance with the effective interest method.

Loans are derecognised when the contractual obligation is fulfilled or cancelled or has expired.

Other financial liabilities are initially recognised at fair value less transaction costs. These liabilities are subsequently carried at amortised cost in accordance with the effective interest method, whereby the related interest expense is recognised to profit or loss based on the effective interest rate.

Borrowing costs

General and specific borrowing costs which are directly related to the acquisition, construction or production of a qualified assets are capitalised during the period required for the completion and preparation of the asset for its intended use or sale. Qualified assets are assets which require a substantial period of time to complete for their intended use or sale.

Other borrowing costs are expensed as incurred.

Provisions

Other provisions are created to reflect current legal or constructive obligations to third parties as a result of past events. The outflow of resources to meet the obligation must be probable, and a reliable estimate of the total obligation must be possible. In cases where the present value of the provision (based on a market interest rate) differs substantially from the nominal value, the present value is used as the carrying amount. If an outflow of resources is not probable and the amount of the obligation cannot be estimated, the item is reported as a contingent liability.

Provisions are only created for restructuring costs if the general criteria for recognition are met and there is a legal or constructive obligation to carry out the restructuring (IAS 37.70 ff.).

Provisions for guarantees and warranties are created on an individual basis as required by specific circumstances. In addition, provisions are created for unreported guarantee claims in accordance with Group guidelines. The calculation of the provisions is based on percentage rates that reflect product group revenues as a share of the respective product revenues for the period.

A provision for onerous contracts is recognised when the unavoidable costs of meeting an obligation exceed the revenues expected from a concluded contract. The provision is recognised at the lower of the costs that would arise on exiting from the contract and the net costs for fulfilling the obligation. Before a separate provision is created for an onerous contract, an impairment loss is recognised to the related assets.

Employee benefits

Post-employment benefits include long-term provisions for pensions and termination benefits.

>> Other long-term employee benefits consist primarily of the provisions for service anniversary bonuses and partial retirement in Germany and long-service leave in Australia as well as a legally required profit-sharing model and bonus payments for long standing service in France.

>> Defined benefit plans

The present value of a defined benefit obligation (DBO) is calculated as of each balance sheet date in accordance with actuarial principles based on the projected unit credit method. This method separates the interest cost – i.e. the amount by which the obligation has increased during a particular year because benefits have moved closer to settlement – from the service cost – i.e. the new entitlements that have arisen during a particular year. The interest rate used to discount the future obligations is a current market rate: For example, the interest rates for Germany and Austria are based on the interest curve developed by Mercer. The assumptions used to measure the obligations include expected future increases and trends in salaries and wages as well as benefit commitments. Changes in claims may arise from new commitments or the adjustment of existing benefits and are reported as past service cost.

Plan assets are offset against the present value of the pension obligation. The pension obligations are valued each year by certified actuaries.

Defined benefit plans are measured as of each valuation date based on the latest best assumptions, which may change from one valuation date to the next. The actuarial gains and losses arising from changes in actuarial assumptions or differences between earlier actuarial assumptions and actual developments are recognised as incurred under other comprehensive income for the period after the deduction of deferred taxes. The actuarial gains and losses for the respective reporting period are reported separately on the statement of comprehensive income together with the related deferred taxes.

Interest costs and the income on plan assets are reported under financial results, while the other components are included under operating results.

>> Defined contribution plans

Under a defined contribution plan, a company has no obligations above or beyond the payment of contributions to a pension benefit fund. These contributions are recognised under personnel expenses in the period incurred.

Income taxes

The calculation of current tax expense is based on taxable income for the financial year. Taxable income differs from net profit on the income statement because it excludes income and expenses that will become taxable in later years, or never become taxable or deductible for tax purposes. The Group's obligations for current tax expense are calculated on the basis of currently applicable tax rates.

The calculation of deferred taxes is based on the balance sheet-oriented method. Deferred tax liabilities are recognised for all taxable temporary differences, while deferred tax assets are recognised only to the extent that taxable profit will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced accordingly if it is not probable that sufficient taxable profit will be available to utilise the deferred tax assets in full or in part within the foreseeable future. The calculation of deferred taxes is based on the tax rates that are expected to apply in the period when the asset is realised or the liability is settled. Income taxes are generally recognised to profit or loss, unless they relate to transactions that were recorded under other comprehensive income during the reporting year or another financial year.

Revenue recognition

Revenues cover all income resulting from the typical business activities of the Zumtobel Group and, in accordance with IFRS 15, are generated from contracts with customers. Accordingly, the Zumtobel Group recognises revenue when control over the promised products or services is transferred to the customer. The rules defined by IFRS 15 are implemented within the framework of a five step model:

The first step involves the identification of the contract with the customer, followed by the identification of the separate performance obligations. Distinct services and any bundle of goods and services must be separated. In the third step, the transaction price is determined: It represents the amount of the consideration to which the delivering company expects to be entitled in exchange for the delivered goods or services. The transaction price is then allocated to the identified performance obligations. The final step covers the recognition of revenue over a period of time or at a specific point in time.

An analysis identified the delivery of luminaires, guarantee extensions, transport and services as separate contract components. Transport and service are immaterial as a share of the total purchase price because the contract calls for the delivery of luminaires at a specific point in time and not the transport or provision of services over a period of time.

Guarantee services are generally not purchased separately and, therefore, cannot be seen as separate performance obligations. This is due to the fact that assurance-type guarantees in the lighting branch represent typical, technically based product characteristics and the promised guarantees generally do not exceed standard branch practices. Accordingly, guarantee services are recognised in agreement with IAS 37 "Provisions, Contingent Liabilities and Contingent Receivables".

Customers can purchase extended guarantees separately in individual cases. They extend the period during which the company guarantees that the sold products will meet the agreed specifications. These guarantees can take the form of markups on the price of individual products as well as separate pricing. It is regularly assumed that Zumtobel will be required to provide services in the form of repairs, exchange or replacement deliveries in order to meet the agreed performance indicators. These commitments represent a separate performance obligation in the sense of IFRS 15. A revenue component was accrued for these service type guarantees on the basis of a transaction price allocation and recognised as a contract liability. The accrual is released to revenue over the expected performance period.

Customer bonuses and discounts represent variable payments under IFRS 15 which reduce the transaction price. In accordance with IFRS 15, they must be accounted for as variable consideration. Advance payments received from customers on orders which are realised at a point in time as well as customer bonuses and discounts are reported on the balance sheet under "other liabilities" (see note 2.6.6.18).

The Zumtobel Group also provides a limited scope of services which are invoiced on a monthly basis. In these cases, the customer receives and uses the benefits simultaneously with the performance by the Zumtobel Group – and revenue is recognised over time. Revenue is also recognised over time in individual cases involving the production of customer-specific products when the contracts create a legal entitlement to payment for previously provided services. Due to the short terms of these orders, the Zumtobel Group considers these effects to be immaterial. Any surplus of advance payments or partial payments by customers over the progress of contract performance within the framework of revenue recognition over time results in the recognition of contract liabilities from revenue recognition over time; the opposite situation results in the recognition of contract assets. Partial performance within the framework of projects is recorded under trade receivables because the entitlement to consideration is only dependent on time and not on any conditions.

Contract assets and contract liabilities are part of the Zumtobel Group's normal business cycle and are reported as current assets or current liabilities. Contract liabilities arising from long-term guarantee extensions are reported as non-current liabilities.

Foreign currency transactions

Foreign currency transactions are recorded using the exchange rate in effect on the date of the transaction, while monetary assets and liabilities are translated at the exchange rate in effect on the balance sheet date. Realised and unrealised gains and losses arising from foreign currency transactions are generally reported under financial results. The measurement effects of non-current loans, which qualify as part of the net investment in a foreign operation as defined in IAS 21 "The Effects of Changes in Foreign Exchange Rates", are recorded under other comprehensive income.

Government grants

Government grants related to income, which are provided as compensation for expenses, are recognised as income of the period in which they are granted; they are recorded at the gross amount and reported under other operating income on the income statement. Government grants provided for investments are recognised as liabilities and distributed over the useful life of the related items of property, plant or equipment.

2.6.3.3 Discretionary decisions and estimation uncertainty

The preparation of the consolidated financial statements in agreement with IFRS requires the use of estimates and assumptions by management which have an influence on the amount and reporting of recognised assets and liabilities, income and expenses, and contingent liabilities for the financial period. The principle of providing a "true and fair view" is followed without limitation in the use of estimates.

Actual values may differ from the relevant assumptions and estimates when the operating environment does not develop as expected by the balance sheet date. The assumptions and estimates used by the Group are reviewed regularly. Significant changes are reflected in an adjustment of the premises and subsequent recognition through profit or loss.

Estimates and assumptions are related, above all, to the following areas:

>> Impairment of goodwill, other intangible assets and property, plant and equipment

Property, plant and equipment as well as intangible assets are tested for indications of impairment as of each balance sheet date. The intrinsic value of the individual assets is validated by determining the applicable recoverable amount. If the recoverable amount of an individual asset cannot be determined, an estimate of the recoverable amount of the related cash generating unit (CGU) is used.

Intangible assets with an indefinite useful life, i.e. intangible assets that are not yet available or development projects in progress, and goodwill are tested for impairment at the end of each financial year and whenever there are indications of a loss in value. Goodwill is tested for impairment at the level of the identified cash-generating units "CGU Lighting" and "CGU Components". "CGU Lighting" and "CGU Components" represent the lowest level at which independent cash flows can be generated. Product development, production and sales are responsible for the subordinate business areas of all brands. These two CGU's are identical to the "Lighting Segment" and "Components Segment" as determined in accordance with IFRS 8.5.

The recoverable amount of the development projects in progress and completed development projects with indications of impairment was determined according to the value in use. The expected future cash flows from these projects were discounted for the calculation at country-specific, weighted average after-tax cost of capital rates (Austria: 8.15%, Germany: 7.44%, Great Britain: 9.57%).

The recoverable amounts of the "CGU Lighting" and "CGU Components" were also determined according to the value in use based on a discounted cash flow method.

The most important determinants for impairment testing are a function of the forecasted cash flows, long-term growth rate and weighted average cost of capital used for discounting. The valuation period is based on a detailed, four-year forecast period plus a transition year and a perpetual annuity. The forecasts are based on external projections, past experience and estimates by the Management Board for the development of the market environment and earnings.

The largest cost increases were more than offset by price adjustments as of the balance sheet date on 30 April 2024. Neither supply chains nor sales activities were affected by the Russia/Ukraine conflict. Due to the high forecast uncertainty, scenarios with varying assumptions were prepared to evaluate future economic developments.

Three scenarios were prepared for the "CGU Lighting":

- >> Under the baseline scenario (weighting 60%), a compound annual growth rate (CAGR) of 4.4%/13.5% was applied to revenue/EBIT. Growth was more reserved at 3.2% for the coming year due to the generally weaker prospects for the construction industry but was increased by up to 5.0% in the following years.
- >> For the worst case scenario (20%), a CAGR of 3.6%/8.5% was applied to revenue/EBIT. A decline in volumes due to the impact of high interest rates on the construction industry and subsequent recovery were simulated in the budget for 2024/25.
- >> The best case scenario (20%) included a CAGR of 5.1%/17.9% for revenue/EBIT. This scenario was based on the assumption of stronger market growth than the baseline scenario which could result, for example, from a less restrictive interest rate policy or an increase in renovation activity.

Three scenarios (baseline/positive/negative) were also prepared for the „CGU Components“ with a weighting of 60%/20%/20%.

- >> Under the baseline scenario (weighting 60%), a compound annual growth rate (CAGR) of 6.1%/26.8% was applied to revenue/EBIT. The revenue decline in 2023/24 is expected to be followed by renewed growth in 2040/25. This assumption is based on a return to the previous demand level after customer stocks have declined.
- >> In the worst case scenarios (20%), a CAGR of 4.3%/5.1% was applied to revenue/EBIT. The core assumption was a lower increase in revenues.
- >> The best case scenario (20%) included a CAGR of 7.8%/42.0% for revenue/EBIT. It reflects an increase in revenues based on an improved macroeconomic environment as well as an increase in market shares.

The baseline scenarios for the segments include the following assumptions:

Non-observable input factors	2023/24	2022/23
CGU (total)		
Long-term growth rate	1.50%	1.50%
Cash flow forecast period	4 years	4 years
CGU Lighting		
Pre-tax discount rate	10.46%	10.74%
CGU Components		
Pre-tax discount rate	11.05%	11.39%

- >> Long-term growth rate: The growth rate used to extrapolate cash flows beyond the forecast period. This growth rate is lower than the projections for the sector in which the cash-generating unit operates.
- >> Cash flow forecast period: The four-year forecasts prepared and approved by management.
- >> Pre-tax discount rate: Represents the specific risks for the respective CGU and the countries in which it operates.
- >> Climate risks: The results from the climate risk and vulnerability analysis as well as the assessment of transitory risks resulting from the transition to a CO2-reduced economy were included and did not have any material effects on the valuation of intangible assets or property, plant and equipment.

Additional information on the impairment testing of goodwill is provided in note 2.6.6.1.

>> Provisions for employee benefits

The actuarial measurement of employee benefits requires the use of assumptions for interest rates, the expected income on plan assets, wage/salary and pension increases, the retirement age and life expectancy.

>> Other provisions

The provisions for guarantees and warranties include the estimated future costs for repairs and replacements as well as confirmed insurance coverage and are calculated according to past experience. The determination of provisions for restructuring involves estimates for workforce reductions and the resulting costs as well as the expenses connected with contract cancellations. The provisions for legal proceedings are based on management's estimates of the possible outcome of these proceedings. These assumptions are connected with uncertainty, and actual payments may vary from the estimates.

>> Deferred tax assets

The capitalisation of deferred taxes is based on expected future tax rates as well as estimates of future taxable income. Possible changes in tax rates or taxable income that differs from the assumed level could lead to the write-down of deferred tax assets.

>> Lease terms

The Zumtobel Group establishes the terms of leases based on the non-cancellable base period together with periods arising from extension options which can be classified as sufficiently certain. Discretionary decisions are involved in assessing whether an option to extend or terminate a lease will be exercised. All relevant factors which represent an economic incentive are included in this decision. These factors are questioned and reassessed as required, which can lead to a change in the lease term and, in turn, to the adjustment of the lease liability and right of use. The relevant assumptions for determining the lease term, above all for the major leased office buildings, sales offices and warehouses with unlimited contracts, are based on the strategic focus, location and costs.

>> Effects of climate changes on financial reporting

The Zumtobel Group systematically monitors climate-related risks, whereby a differentiation is made between two categories: the physical risks arising from the expected climate change and transitory risks resulting from the transition to a CO₂-reduced economy.

The climate risk and vulnerability analysis covers all current potential environmental conditions that could influence the Zumtobel Group. They were evaluated for every location, and previously implemented measures were reviewed and new measures were defined where necessary. Based on two climate scenarios ((Representative Concentration Pathways 4.5 and 8.5; scenarios that describe long-term climate changes), the environmental conditions that could influence the Zumtobel Group in the future were evaluated. The evaluation of the locations did not identify any notable risks at the time this report was prepared.

In the context analysis, the Zumtobel Group identified the competitive position of its products with regard to sustainability as a potential technological risk. This risk is countered by the integration of instruments like lifecycle assessments and circular design rules in the product development process. The Zumtobel Group can, therefore, provide its customers with sustainable and highly energy efficient products and services as well as product-related information like environmental product declarations.

Measures were implemented at individual locations to increase the share of renewable energies, e.g. through the use of photovoltaic systems.

Efficient lighting solutions are designated as climate-protecting measures in the current Synthesis Report by the Intergovernmental Panel on Climate Change (IPCC), an intergovernmental body of the United Nations environmental programme, and by the World Meteorological Organisation.

The impact of climate risk is also addressed under the impairment of goodwill and under market risk and liquidity risk.

As of the balance sheet date on 30 April 2024, no significant cases were known that could lead to a material deviation of the carrying amount of an asset or a liability during the next financial year.

2.6.4 Notes to the Consolidated Income Statement

2.6.4.1 Revenues

Revenues include an adjustment of TEUR 41,434 (2022/23: TEUR 46,388) for sales deductions (primarily customer discounts). Gross revenues totalled TEUR 1,168,409 (2022/23: TEUR 1,255,588).

in TEUR	2023/24	2022/23
Luminaires	857,631	878,193
Components	237,636	306,104
Services	31,708	24,903
Revenues	1,126,975	1,209,200

Sales of lighting and components are recognised at a point in time. In contrast, the sale of services is recognised over time – i.e. on a monthly basis.

in TEUR	2023/24	2022/23
Indoor luminaires & components	928,023	82%
Outdoor luminaires & components	198,952	18%
Revenues	1,126,975	100%

Information on the distribution of revenues by segment and region is provided in note 2.6.12. Information on the contract liabilities arising from contracts with customers is included in the disclosures on other liabilities (see note 2.6.6.18). The discounts, bonuses and rebates included in the net total of contract liabilities for the previous financial year were recorded under revenues in 2023/24. Revenues for 2023/24 include TEUR 747 (2022/23: TEUR 677) from the release of contract liabilities in connection with the granting of extended guarantees.

2.6.4.2 Expenses

The income statement was prepared in accordance with the cost of sales method. The following categories of income and expenses are included in the cost of goods sold (incl. development costs), selling expenses (incl. research costs), administrative expenses and other operating results:

2023/24 Financial Year

in TEUR	Cost of goods sold	Selling expenses	Administrative expenses	Other operating results	Total
Cost of materials	(462,336)	(7,591)	(44)	0	(469,971)
Personnel expenses	(183,572)	(173,571)	(49,283)	(72)	(406,498)
Depreciation	(39,017)	(8,979)	(8,625)	0	(56,621)
Other expenses	(46,648)	(89,712)	(34,876)	(135)	(171,371)
Own work capitalised	9,932	2,895	601	0	13,428
Internal charges	(13,749)	(29,522)	43,271	0	0
Total expenses	(735,390)	(306,480)	(48,956)	(207)	(1,091,033)
Other income	4,460	1,840	998	6,228	13,526
Total	(730,930)	(304,640)	(47,958)	6,021	(1,077,507)

2022/23 Financial Year

in TEUR	Cost of goods sold	Selling expenses	Administrative expenses	Other operating results	Total
Cost of materials	(530,766)	(6,936)	(67)	0	(537,769)
Personnel expenses	(179,306)	(173,713)	(34,684)	(2)	(387,705)
Depreciation	(38,571)	(12,999)	(3,752)	0	(55,322)
Other expenses	(53,165)	(95,859)	(19,905)	(1,201)	(170,130)
Own work capitalised	11,053	513	1,196	0	12,762
Internal charges	(3,664)	(10,928)	14,560	32	0
Total expenses	(794,419)	(299,922)	(42,652)	(1,171)	(1,138,164)
Other income	5,397	2,298	356	5,172	13,223
Total	(789,022)	(297,624)	(42,296)	4,001	(1,124,941)

The cost of materials includes TEUR 34,606 (2022/23:TEUR 31,279) of third party services.

Other income includes government grants of TEUR 6,859 (2022/23:TEUR 5,868), which were provided primarily for research and investments. Of this total, TEUR 5,352 (2022/23:TEUR 4,471) are reported under other operating results.

The cost of goods sold includes development costs of TEUR 68,042 (2022/23:TEUR 63,366). Development costs capitalised during the reporting year equalled TEUR 8,832 (2022/23:TEUR 9,440), and the related scheduled amortisation and impairment losses recognised to these capitalised development costs amounted to TEUR 9,156 (2022/23:TEUR 8,969).

Selling expenses include research costs of TEUR 4,706 (2022/23:TEUR 4,428).

In financial year 23/24, special effects due to announced restructuring measures amounting to TEUR 7,787 were also recognized – TEUR 5,617 within the Components Segment and TEUR 2,170 within the Lighting Segment. Of this total, TEUR 7,232 are attributable to the cost of goods sold – TEUR 5,617 within the Components segment and TEUR 1,615 within the Lighting segment. In total, the special effects include employee-related expenses of TEUR 7,407, impairment losses of TEUR 233 and miscellaneous expenses of TEUR 147.

PwC Wirtschaftsprüfung GmbH performed or arranged to perform the following services for Zumtobel Group AG in 2023/24:

In TEUR	2023/24	2022/23
Total fees	495	456
thereof audit and related activities	435	401
thereof fees for other services	35	39
thereof consulting services	25	16

The fees for other services are related to miscellaneous assurance services. The fees agreed with the member companies of the PwC network for auditing services in the Zumtobel Group totalled TEUR 1,206 in 2023/24 (2022/23:TEUR 1,207).

Production, selling and administrative expenses include the following personnel costs:

in TEUR	2023/24	2022/23
Wages	(50,836)	(49,825)
Salaries	(264,743)	(252,190)
Expenses for termination benefits	(3,341)	(3,803)
Expenses for pensions	(4,031)	(4,417)
Expenses for legally required social security and payroll-related duties and mandatory contributions	(62,787)	(59,989)
Other employee benefits	(9,489)	(9,622)
Contract workers	(3,864)	(7,859)
Expenses from restructuring	(7,407)	0
Personnel expenses	(406,498)	(387,705)

2.6.4.3 Other operating income

in TEUR	2023/24	2022/23
Government grants	5,352	4,471
License revenues	0	554
Other income	876	147
Other operating income	6,228	5,172
Restructuring	(49)	0
Other expenses	(158)	(1,171)
Other operating expenses	(207)	(1,171)

As in the prior year, the government grants received in 2023/24 represent subsidies that were recognised to profit or loss.

The license revenues reported in the previous year were generated primarily by the LED business and have since expired.

The line items “other income” and “other expenses” represent income and expenses arising from ordinary business operations which cannot be clearly allocated to other functional areas.

2.6.4.4 Interest income and expenses

Interest expense includes interest and fees for the current consortium credit agreement, the interest component of the finance lease for the plant in Great Britain (TEUR 1,221; 2022/23:TEUR 1,319), and the interest component of lease liabilities capitalised in accordance with IFRS 16 (TEUR 1,507; 2022/23:TEUR 1,667).

2.6.4.5 Other financial income and expenses

in TEUR	2023/24	2022/23
Interest component as per IAS 19 less income on plan assets	(4,649)	(3,618)
Foreign exchange gains and losses	(2,196)	(2,347)
Market valuation of financial instruments	3,320	(1,202)
Total	(3,525)	(7,167)

Foreign exchange gains and losses consist mainly of realised and unrealised gains and losses on foreign currency receivables and liabilities as well as realised foreign exchange gains and losses on forward exchange contracts.

The market valuation of financial instruments shows the results from the measurement of forward exchange contracts at their respective market values as of the balance sheet date.

2.6.4.6 Income taxes

The classification of income taxes between current and deferred taxes is as follows:

in TEUR	2023/24	2022/23
Current taxes	(2,543)	(6,102)
thereof current year	(1,885)	(6,109)
thereof prior years	(658)	7
Deferred taxes	(7,643)	41
Income taxes	(10,186)	(6,061)

The actual tax rate represents a weighted average of all companies included in the consolidation range and equalled 29.21% in 2023/24 (2022/23: 9.18%).

The difference between the theoretical tax rate and actual tax rate for the Group is explained in the following table:

Difference between calculated and actual income tax expense

in TEUR	2023/24	2022/23
Profit before tax	34,875	66,031
Theoretical tax income/expense resulting from application of 23.67% (PY 24.67%) domestic tax rate	(8,255)	(16,290)
Difference between calculated/actual tax expense	(1,931)	10,229
Non-deductible expenses	(2,831)	(1,961)
Foreign tax rates	1,036	1,941
Adjustments to valuation discounts for deferred taxes	(547)	2,378
Tax-free income	1,105	1,065
Effects from changes in loss carryforwards	1,586	8,513
Other items	(2,280)	(1,707)
Total tax expense	(10,186)	(6,061)

Deferred taxes of TEUR 5,219 (2022/23: TEUR 8,947) were recognised on tax deductible impairment losses to investments at the level of the head company and member companies of the Austrian tax group. This represents deferred taxes on 100% of the outstanding partial write-downs in Austria, which must be distributed over seven years in accordance with Austrian corporate tax law. The other items consist primarily of tax effects from permanent accounting differences, from deconsolidation measures and from the release of a corporate tax provision. The socio-economic tax reform in Austria ("Ökosoziales Steuerreformgesetz 2022") reduced the corporate tax rate to 23% as of 1 January 2024. Due to the different financial year, a mixed rate of 23.67% was used for the domestic tax rate.

The option to form a tax group in accordance with § 9 of the Austrian Corporate Tax Act of 1988 has been used in Austria since the 2004/05 financial year. For this purpose, Zumtobel Group AG, as the head of the group, concluded a tax transfer contract with the following group members: Zumtobel Lighting GmbH (participating corporation), ZG Lighting Austria GmbH, Zumtobel Holding GmbH, Zumtobel Insurance Management GmbH, Zumtobel Pool GmbH, Tridonic GmbH (participating corporation), Tridonic Jennersdorf GmbH, Tridonic Holding GmbH, LEDON Lighting GmbH, RFZ Holding GmbH (formerly Zumtobel LED Holding GmbH; participating corporation) and Zumtobel LED GmbH (participating corporation).

This contract provides for the transfer of taxable profit or loss as calculated in accordance with the Austrian Corporate Tax Act and the Austrian Income Tax Act to the participating corporation or the head of the group in the sense of the step-by-step allocation of earnings. Tax expense is calculated on the group member's taxable profit and subsequently paid as a tax charge to the participating corporation or the head of the group, independent of the amount owed by the head of the group and the corporate income tax owed by the entire group for the respective financial year. If the group member records a tax loss, the participating corporation or the head of the group holds this loss on record as an internal loss carryforward for the offset of future profit generated by the respective group member. The obligation of the group member to pay a tax charge is waived to the extent previous tax losses can be offset against taxable profit. A group member with a tax loss is obliged to pay the minimum corporate income tax to the participating corporation or the head of the group. Pre-group losses and external group losses as defined in § 9 of the Austrian Corporate Tax Act are offset against the taxable profit of the respective group member or the head of the group in accordance with any carryforward and/or transfer limits.

Income from investments in domestic subsidiaries is generally tax-exempt in Austria. The dividends from investments in EU and EEA countries have also been generally exempt from Austrian corporate tax since 2009 if certain conditions are met. Dividends from other foreign investments in which the Zumtobel Group holds a stake of 10% or more are also tax-free for the Austrian parent company.

2.6.4.7 Earnings per share

The calculation of earnings per share was based on profit recorded for the reporting year.

The distribution to shareholders from reserves and annual results may not exceed the total profit – reduced by the deferred taxes which are excluded from distribution – reported in the separate financial statements of Zumtobel Group AG, which are prepared in accordance with Austrian corporate law.

2.6.5 Notes to the Consolidated Statement of Comprehensive Income

2.6.5.1 Foreign exchange differences

Foreign exchange differences of TEUR 849 (2022/23: TEUR –4,247) resulted from the difference between the historical exchange rate applied on the initial consolidation date and the rate in effect on the balance sheet date for companies which do not report in the euro. In addition, foreign exchange differences of TEUR –28 (2022/23: TEUR –2,666) resulted from the translation of income statement items at the average monthly exchange rate and the rate on the balance sheet date. This position also includes TEUR 757 (2022/23: TEUR –2,331) of currency-related adjustments to goodwill. The currency reserve under equity contains a foreign exchange-related effect of TEUR 36 (2022/23: TEUR –33) from non-controlling interests and foreign exchange effects of TEUR 0 (2022/23: TEUR 172) from investments in associates. Also included here are foreign exchange differences of TEUR 469 (2022/23: TEUR 50) from an interest hedge (net investment hedge). The deconsolidation of a Group company whose functional currency is not the euro involves the reclassification of the related amounts from the currency reserve to the income statement and the inclusion of these amounts in deconsolidation results. The effect for the 2023/24 financial year equalled TEUR –385 (2022/23: TEUR 561) and resulted from the deconsolidation of Thorn Lighting Nordic AB, Sweden.

2.6.5.2 Foreign exchange differences arising from loans

The foreign exchange differences from loans are the result of long-term loans granted in GBP, AUD and USD, which are classified as net investments in foreign operations in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates" and must therefore be reported under other comprehensive income.

2.6.5.3 Actuarial gain/loss

The net total of actuarial losses recognised in 2023/24 amounted to TEUR -4,203 (2022/23: net gains of TEUR 5,587) and include gains of TEUR 3,450 (2022/23: losses of TEUR -956) for pension plans which consist primarily of the following: gains of TEUR 4,060 (2022/23: losses of TEUR -4,719) in Great Britain, losses of TEUR -60 (2022/23: gains of TEUR 2,632) in Germany and losses of TEUR -450 (2022/23: gains of TEUR 1,079) in Switzerland.

2.6.5.4 Cash flow hedges

The amount of TEUR 42 reported under cashflow-hedge resulted from the change in the market values of derivatives which qualify for hedge accounting and were concluded to hedge the risk of interest fluctuations.

2.6.5.5 Deferred taxes

The deferred taxes of TEUR -124 (2022/23: TEUR -1,014) reported on the statement of comprehensive income in 2023/24 include TEUR 185 (2022/23: TEUR -1,598) from the provisions for pension and termination benefits which resulted from actuarial gains/losses as defined in IAS 19 "Employee Benefits" as well as TEUR -299 (2022/23: TEUR 584) from the reserve for foreign exchange differences from loans and TEUR -10 (2022/23: TEUR 0) from cash flow hedges.

2.6.6 Notes to the Consolidated Balance Sheet

2.6.6.1 Goodwill

in TEUR	Lighting Segment	Components Segment	Total
30 April 2022	193,324	2,033	195,357
30 April 2023	191,036	1,990	193,026
30 April 2024	191,793	1,990	193,783

Recoverable amount

The recoverable amount of the "CGU Lighting" exceeded the carrying amount by EUR 208.6 million (2022/23: EUR 97.1 million). The comparable amount for the "CGU Components" was EUR 42.7 million (2022/23: EUR 90.3 million).

Effect of possible changes in material assumptions

An increase in the pre-tax WACC from 10.5% to 13.6% (FY 2023/24), from 10.7% to 12.3% (FY 2022/23) or a reduction in cash flow of 26.4% (FY 2023/24)/14.8% (FY 2022/23) assuming the other parameter remained constant, would reduce the excess coverage of the "CGU Lighting" to zero. In the "CGU Components", an increase in the pre-tax WACC from 11.1% to 14.1% (FY 2023/24), from 11.4% to 17.2% (FY 2022/23) or a reduction in cash flow of 23.3% (FY 2023/24)/35.0% (FY 2022/23) would reduce the excess coverage to zero.

Effect of changes in foreign exchange rates

The application of IAS 21 "The Effects of Changes in Foreign Exchange Rates" led to a foreign exchange-based adjustment of TEUR 757 to goodwill in 2023/24 (2022/23: TEUR -2,331) which was not recognised through profit or loss. These foreign exchange effects are allocated primarily to the assets in the Lighting Segment for segment reporting.

2.6.6.2 Other intangible assets

2023/24 Financial Year

in TEUR	Patents, licenses and similar items	Development and similar costs	Total
Acquisition costs			
30 April 2023	66,159	230,301	296,460
Foreign currency translation	85	170	255
Changes in the scope of consolidation	0	(23)	(23)
Additions	998	10,541	11,539
Disposals	(3,325)	(87,037)	(90,362)
Transfers	(8,609)	8,621	12
30 April 2024	55,308	162,573	217,881
Accumulated amortisation			
30 April 2023	(52,184)	(193,926)	(246,110)
Foreign currency translation	(82)	(159)	(241)
Changes in the scope of consolidation	0	23	23
Scheduled depreciation	(2,673)	(9,690)	(12,363)
Impairment	0	(42)	(42)
Disposals	3,325	87,037	90,362
Transfers	2,955	(2,955)	0
30 April 2024	(48,659)	(119,712)	(168,371)
Net carrying amount 30 April 2023	13,975	36,375	50,350
Net carrying amount 30 April 2024	6,649	42,861	49,510

2022/23 Financial Year

in TEUR	Patents, licenses and similar items	Development and similar costs	Total
Acquisition costs			
30 April 2022	55,237	222,041	277,278
Foreign currency translation	(242)	(384)	(626)
Changes in the scope of consolidation	0	0	0
Additions	6,407	9,452	15,859
Disposals	(188)	(3,492)	(3,680)
Transfers	4,945	2,684	7,629
30 April 2023	66,159	230,301	296,460
Accumulated amortisation			
30 April 2022	(50,725)	(188,736)	(239,461)
Foreign currency translation	242	381	623
Changes in the scope of consolidation	0	0	0
Scheduled depreciation	(1,884)	(8,993)	(10,877)
Impairment	0	(50)	(50)
Disposals	183	3,472	3,655
30 April 2023	(52,184)	(193,926)	(246,110)
Net carrying amount 30 April 2022	4,512	33,305	37,817
Net carrying amount 30 April 2023	13,975	36,375	50,350

Development costs and similar expenses

This position includes internally generated intangible assets as defined by IAS 38 "Intangible Assets". The additions to acquisition costs, including transfers, contain capitalised development expenses of TEUR 8,832 (2022/23: TEUR 9,440). Most of these additions involve product developments in the lighting and lighting components areas, whereby TEUR 6,236 were not yet available for use as of 30 April 2024 (2022/23: TEUR 7,333).

2.6.6.3 Property, plant and equipment

2023/24 Financial Year

in TEUR	Land & buildings	Plant & machinery	Other equipment	Construction in progress	Total
Acquisition costs					
30 April 2023	321,364	331,981	125,864	27,380	806,589
Foreign currency translation	1,327	1,870	211	(77)	3,331
Changes in the scope of consolidation	(545)	(3,167)	(883)	0	(4,595)
Additions	9,950	9,595	9,783	23,297	52,625
Disposals	(11,349)	(12,180)	(8,954)	(15)	(32,498)
Transfers	101	5,004	686	(5,803)	(12)
30 April 2024	320,848	333,103	126,707	44,782	825,440
Accumulated amortisation					
30 April 2023	(185,410)	(271,072)	(99,595)	0	(556,077)
Foreign currency translation	(964)	(1,612)	(74)	0	(2,650)
Changes in the scope of consolidation	545	3,167	883	0	4,595
Scheduled depreciation	(15,833)	(16,801)	(11,349)	0	(43,983)
Impairment	0	(233)	0	0	(233)
Disposals	8,788	11,609	7,799	0	28,196
30 April 2024	(192,874)	(274,942)	(102,336)	0	(570,152)
Net carrying amount 30 April 2023	135,954	60,909	26,269	27,380	250,512
Net carrying amount 30 April 2024	127,974	58,161	24,371	44,782	255,288

No items of property, plant or equipment were pledged as security for loans under the current credit agreements. Note 2.6.6.17 provides information on the rights of use included in property, plant and equipment which resulted from the application of IFRS 16.

The Group has incurred obligations of TEUR 4,490 (2022/23:TEUR 4,856) for the purchase of property, plant and equipment. These obligations are classified as follows: land and buildings at TEUR 93 (2022/23:TEUR 261), plant and machinery at TEUR 4,047 (2022/23:TEUR 3,539) and other non-current assets at TEUR 350 (2022/23:TEUR 1,056).

Land and buildings include undeveloped land with a net carrying amount of TEUR 7,933 (2022/23:TEUR 7,933).

Construction in progress and prepayments made are classified as follows: land and buildings at TEUR 4,278 (2022/23:TEUR 2,499), plant and machinery at TEUR 38,235 (2022/23:TEUR 24,406) and other non-current assets at TEUR 2,393 (2022/23:TEUR 474).

2022/23 Financial Year

in TEUR	Land & buildings	Plant & machinery	Other equipment	Construction in progress	Total
Acquisition costs					
30 April 2022	323,653	335,540	123,077	18,927	801,197
Foreign currency translation	(3,758)	(4,471)	(1,055)	(178)	(9,461)
Additions	9,655	6,388	12,486	25,020	53,549
Disposals	(9,687)	(11,222)	(10,096)	(62)	(31,067)
Transfers	1,500	5,746	1,452	(16,327)	(7,629)
30 April 2023	321,364	331,981	125,864	27,380	806,589
Accumulated amortisation					
30 April 2022	(178,408)	(269,297)	(97,587)	0	(545,292)
Foreign currency translation	2,403	3,686	886	0	6,976
Scheduled depreciation	(15,946)	(16,636)	(11,813)	0	(44,395)
Impairment	0	0	0	0	0
Disposals	6,541	11,175	8,917	0	26,634
Transfers	0	0	0	0	0
30 April 2023	(185,410)	(271,072)	(99,595)	0	(556,077)
Net carrying amount 30 April 2022	145,245	66,243	25,490	18,927	255,905
Net carrying amount 30 April 2023	135,954	60,909	26,269	27,380	250,512

2.6.6.4 Non-controlling interests

The following companies have non-controlling interests:

Company	Country	Operating Segment	30 April 2024	30 April 2023
Thorn Gulf LCC	UAE	Lighting Segment	51%	51%
ZG Lighting Trading LLC	Qatar	Lighting Segment	51%	51%

Additional contractual agreements give the Zumtobel Group control over Thorn Gulf LCC, UAE, and ZG Lighting Trading LLC, Qatar, in the sense of IFRS 10 "Consolidated Financial Statements". These two companies are therefore included through full consolidation.

The following tables present summarised financial information on the subsidiaries with non-controlling interests. This information represents the balances before intragroup eliminations:

Balance Sheet	Thorn Gulf LCC, UAE	ZG Lighting Trading LLC, Qatar	Total	Thorn Gulf LCC, UAE	ZG Lighting Trading LLC, Qatar	Total
in TEUR	30 April 2024				30 April 2023	
Non-current assets	138	25	163	108	46	154
Current assets	3,932	1,008	4,940	4,203	1,916	6,119
Assets	4,070	1,033	5,103	4,311	1,962	6,273
Non-current liabilities	13	4	17	8	4	12
Current liabilities	1,728	347	2,075	2,398	733	3,131
Equity	2,329	682	3,011	1,905	1,225	3,130
thereof due to non-controlling interests	932	341	1,273	762	612	1,374
Equity and Liabilities	4,070	1,033	5,103	4,311	1,962	6,273
Dividends	(261)	(292)	(553)	(324)	(689)	(1,013)

Statement of Comprehensive Income	Thorn Gulf LCC, UAE	ZG Lighting Trading LLC, Qatar	Total	Thorn Gulf LCC, UAE	ZG Lighting Trading LLC, Qatar	Total
in TEUR	2023/24				2022/23	
Revenues	6,825	1,013	7,838	7,022	4,095	11,117
Net profit for the year	629	(278)	351	687	308	995
thereof due to non-controlling interests	252	(139)	113	275	155	430
Subtotal other comprehensive income	56	28	84	(51)	(25)	(76)
thereof due to non-controlling interests	22	14	36	(20)	(13)	(33)
Total comprehensive income of non-controlling interests	274	(125)	149	255	142	397
Dividends paid to non-controlling interests	(104)	(146)	(250)	(129)	(346)	(475)

Cash Flow Statement	Thorn Gulf LCC, UAE	ZG Lighting Trading LLC, Qatar	Total	Thorn Gulf LCC, UAE	ZG Lighting Trading LLC, Qatar	Total
in TEUR	2023/24				2022/23	
Cash flow from operating activities	(129)	(472)	(601)	592	972	1,564
Cash flow from investing activities	(4)	0	(4)	(25)	(2)	(27)
Cash flow from financing activities	(446)	(344)	(790)	(491)	(737)	(1,228)
Net increase/decrease in cash and cash equivalents	(579)	(816)	(1,395)	76	233	309

2.6.6.5 Financial assets

Non-current financial assets consist primarily of securities and similar rights, and shares in other companies. This position also includes amounts receivable from insurance for the coverage of guarantee claims (TEUR 4,228; 2022/23:TEUR 4,273).

Current financial assets consist mainly of positive market values from hedged positions in the form of foreign exchange derivatives (TEUR 2,862; 2022/23:TEUR 426) and also include receivables of TEUR 1,454 (2022/23:TEUR 1,642) due from credit institutions from an ongoing factoring agreement.

Detailed information is presented in note 2.6.10.1.

2.6.6.6 Other assets

Other non-current and current assets are classified as follows:

in TEUR	30 April 2024	30 April 2023
Coverage capital for Group life insurance	1,996	2,148
Other	1,313	1,387
Other non-current assets	3,309	3,535
Prepaid expenses and deferred charges	7,874	8,643
Amounts due from tax authorities	10,294	13,040
Prepayments made	2,491	2,875
Other	9,760	11,613
Other current assets	30,419	36,171

The coverage capital for Group life insurance is related to the Zumtobel companies in Germany. These assets are held to cover the pension obligations of a German company in the Zumtobel Group, but they do not qualify as plan assets under IAS 19 "Employee Benefits".

The amounts due from tax authorities, as in the previous year, consist chiefly of receivables arising from value added tax.

The main components of the position "other" are as follows: accrued research receivables of TEUR 6,458 (2022/23:TEUR 8,150), receivables of TEUR 123 (2022/23:TEUR 136) from partial retirement in Germany, claims of TEUR 543 (2022/23:TEUR 543) to government institutions in connection with previously granted investment subsidies, and receivables of TEUR 969 (2022/23:TEUR 1,162) due from employees in Austria from the provision of company bicycles.

2.6.6.7 Deferred taxes

The deferred tax assets and deferred tax liabilities reported on the consolidated balance sheet include timing differences that resulted from the use of different amounts for the valuation of assets and liabilities for the Group financial statements and for tax purposes. The resulting deferred taxes are shown below:

in TEUR	30 April 2024			30 April 2023		
	Assets	Liabilities	Recognised through profit/loss	Assets	Liabilities	Recognised through profit/loss
Other intangible assets	2,956	9,765	(1,647)	2,985	8,160	(815)
Property, plant and equipment	2,647	6,293	(256)	2,256	5,662	(599)
Financial assets	0	3,025	(840)	0	1,878	(1,270)
Inventories	3,918	36	(319)	4,399	224	216
Trade receivables	282	1,254	(256)	366	1,081	(332)
Other receivables	1,659	2,024	89	1,030	1,474	930
Non-current provisions	15,529	341	(116)	14,494	352	(82)
Other provisions	1,031	739	49	959	707	2
Trade payables	2,078	750	(476)	2,341	533	(517)
Borrowings	2,441	2	220	2,229	0	460
Loss carryforwards	153,638	0	(4,091)	159,439	0	2,048
Deferred tax credits or liabilities	186,179	24,229		190,498	20,071	
Adjustments to valuation discounts for deferred taxes	(133,224)	0		(135,059)	0	
Offset of tax credits and liabilities due from/to the same taxation authority	(20,326)	(20,326)		(17,142)	(17,142)	
Deferred taxes	32,629	3,903		38,297	2,929	
Deferred tax income/expense			(7,643)			41

The calculation of deferred taxes for Group companies is based on the applicable national tax rate. Deferred taxes on loss carryforwards are only capitalised if they will be offset by deferred tax liabilities or if the utilisation of the loss carryforwards is sufficiently certain within the legally defined period.

Deferred tax assets were recognised for tax loss carryforwards of TEUR 64,316 (2022/23: TEUR 65,497). Deferred tax assets were not recognised for tax loss carryforwards and other temporary differences of TEUR 579,234 (2022/23: TEUR 587,214) because their utilisation is not sufficiently certain. Of the tax loss carryforwards not recognised, TEUR 18,889 (2022/23: TEUR 16,887) will expire within ten years.

In agreement with IAS 12.39 "Income Taxes", deferred tax liabilities were not recognised on timing differences related to shares in subsidiaries because the parent company can control the timing and because these temporary differences will not reverse in the foreseeable future. The taxes on the temporary differences between the book value of the investment for tax purposes and the net assets of the subsidiary as reported in the consolidated financial statements equal TEUR 17,233 (2022/23: TEUR 20,760).

Details on the deferred taxes recorded under other comprehensive income in 2023/24 are provided in note 2.6.5.5.

2.6.6.8 Inventories

The following table shows the gross value and impairment losses related to the various components of inventories:

in TEUR	30 April 2024	30 April 2023
Raw materials	66,015	75,173
Gross value	91,142	97,540
Impairment loss	(25,127)	(22,367)
Work in process	1,812	2,391
Semi-finished goods	7,949	8,360
Gross value	9,303	9,304
Impairment loss	(1,354)	(944)
Merchandise	25,822	22,875
Gross value	31,411	30,195
Impairment loss	(5,589)	(7,320)
Finished goods	78,764	85,615
Gross value	93,126	98,508
Impairment loss	(14,362)	(12,893)
Inventories	180,362	194,414

The changes in the valuation adjustments to inventories totalled TEUR –2,908 in 2023/24 (2022/23: TEUR –10,541).

2.6.6.9 Trade receivables

in TEUR	30 April 2024	30 April 2023
Trade receivables gross	178,500	177,907
Valuation adjustments to receivables	(6,638)	(8,164)
Trade receivables	171,862	169,743

Details on valuation adjustments are provided in note 2.6.11.1.

The Zumtobel Group transferred trade receivables to a bank in exchange for liquid funds within the framework of a factoring agreement. These receivables were not derecognised in full because all of the related risks and rewards were neither transferred nor retained (allocation of risks and rewards between the Zumtobel Group and the bank). The assessment of the risks resulting from the sold receivables is based on the partially retained default risk and delayed payment risk. The remaining credit risk-related defaults are assumed by the bank. The Zumtobel Group continues to manage the servicing for the sold receivables and retains the right of disposal over the receivables.

in TEUR	30 April 2024	30 April 2023
Trade receivables gross before factoring	228,530	233,596
Continuing involvement		
Book value continuing involvement	1,454	1,642
Book value associated liability	1,454	1,642

The receivables sold through a factoring agreement, which had not been settled by the customers as of the balance sheet date, totalled TEUR 50,030 (2022/23: TEUR 55,689). Expenses of TEUR 3,357 (2022/23: TEUR 2,045) were recognised in connection with the factoring agreement.

2.6.6.10 Cash and cash equivalents

Cash and cash equivalents consist of deposits at banks, cash on hand and checks. Of the total bank deposits, TEUR 59 (2022/23: TEUR 59) are not available for discretionary use. The carrying amount of cash and cash equivalents corresponds to the market value because of the terms of these funds.

2.6.6.11 Employee benefits

The provisions for pensions and termination benefits represent post-employment benefits. Other provisions include miscellaneous non-current employee benefits as defined in IAS 19 "Employee Benefits".

The following table reconciles the beginning and ending balances of the present values:

Defined benefit plans as per IAS 19 in TEUR	Post-employment benefits			Other	
	Pensions 2023/24	2022/23	Termination benefits 2023/24	2022/23	2023/24 2022/23
Beginning balance, net liability	52,610	55,595	36,626	40,048	8,125
Foreign currency translation & reclassification	931	(1,423)	0	0	29
Changes recognised through profit or loss	4,313	3,434	2,204	1,840	964
thereof service cost	1,438	1,345	707	836	595
thereof past service cost	0	(317)	0	0	0
thereof plan reductions and settlements	0	0	0	0	0
thereof interest expense	9,528	7,317	1,497	1,004	277
thereof expected income from plan assets	(6,653)	(4,911)	0	0	0
thereof actuarial gain/loss	0	0	0	0	92
Actuarial gain/loss recognised to other comprehensive income	(3,450)	956	4,899	(2,353)	0
thereof demographic adjustments	(2,941)	(115)	(67)	(538)	0
thereof financial adjustments	2,087	(60,991)	3,297	(3,637)	0
thereof experience-related adjustments	(2,596)	62,062	1,669	1,822	0
Payments	(7,295)	(5,952)	(6,512)	(2,909)	(885)
thereof to salaried employees	(7,295)	(5,952)	(6,512)	(2,909)	(1,085)
Ending balance, net liability	47,109	52,610	37,217	36,626	8,233
					8,125

The changes recognised through profit or loss are recorded on the income statement. Interest expense and the expected income from plan assets are reported under "other financial income and expenses", while the remainder is included under operating results. The column "Other" consists mainly of provisions for service anniversary bonuses in Austria, a legally required profit-sharing model and bonus payments for long-service in France, partial retirement in Germany, and long service leave in Australia.

Experience-related adjustments represent the actuarial gains and losses caused by variances between the individual employee-based parameters and the parameters applied to the entire calculation base. Examples of these parameters are trends in salaries and wages, the number of deaths, early retirements, terminations and the development of the return on plan assets.

Detailed information on the actuarial losses recorded under other comprehensive income is provided in the section on the "IAS 19 reserve".

The following calculation parameters were applied in the individual countries:

	Interest rate		Income on plan assets		Salary trend		Pension trend		Retirement age (women/men)	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
Germany	3.7%	4.2%	-	-	3.5%	3.5%	2.0%	2.0%	1)	1)
Great Britain	5.0%	5.0%	5.0%	5.0%	-	-	3.1%	3.1%	65/65	65/65
Switzerland	1.6%	2.2%	1.6%	2.2%	2.5%	2.0%	-	-	65/65	64/65
Sweden	3.5%	4.1%	-	-	-	-	1.6%	2.1%	65/65	65/65
Austria	3.7%-3.8%	4.2% - 4.4%	-	-	2.8%	2.8%	-	-	2)	2)
France	3.5%	3.7%	-	-	3.0%	2.8%	-	-	3)	3)
Italy	3.7%	4.3%	-	-	1.8%	1.9%	-	-	67/67	67/67
Serbia	6.2%	6.0%	-	-	8.5%	8.0%	-	-	4)	4)

A non-recurring salary increase of 8% was included as an inflationary adjustment in Austria; the long-term salary trend equals 2.8%. Country-specific mortality and invalidity tables as well as employee turnover rates were also included. The mortality and invalidity tables applied to the calculation in Great Britain were converted from the CMI 2020-Model to the CMI 2021-Model in 2022/23.

Note 1): Pension obligations 60/65 years and obligations arising from partial retirement at 57 years.

Note 2): The earliest possible retirement age was used as the basis for pension calculations, in keeping with legal transition rules.

Note 3): The retirement age in France ranges from 60 to 70 years and depends primarily on the date of birth and documented insurance time. The legal retirement age for persons born after 1955 is 67 years. There is no difference in the retirement age for men and women.

Note 4): The retirement age in Serbia currently equals 65 years for men and 62 years for women. The retirement age for women will be gradually raised to 65 years by 2032.

Pension obligations

The Group companies in Germany, Great Britain, Sweden, Australia and Switzerland have implemented defined benefit pension plans. The German and Swedish plans are not financed through external funds; all other plans are financed through external funds. These funds are legally independent of the respective Group company and are only used to meet performance obligations. Any obligations remaining after the deduction of plan assets are recorded as provisions.

The obligations arising from the pension plans are related chiefly to salary-based pension commitments. In individual cases, these obligations also include pension-related commitments to surviving dependents and payments in the event of the participant's invalidity.

The defined benefit plans in the English group companies generally represent obligations from the Thorn Lighting pension fund, which was taken over in connection with the acquisition of the Thorn Group. Most of the related commitments are salary-based pension payments. Benefits are also provided to surviving dependents under certain circumstances. This plan was closed for new employees in 2003 and for additional claims by plan participants in 2009. Since the pension plan is closed, the remaining risks are primarily actuarial in nature.

Two major steps were taken to remedy the shortage of assets in this plan. An agreement was reached with the plan trustee to reduce the deficit by 2046 at the latest through annual contributions by the involved British companies. In addition, the trustee developed and presented an investment strategy in the form of a "statement of investment principles" (SIP), which should support the generation of a portfolio return that exceeds the discount factor.

In order to protect the value of the plan assets, the investment strategy includes elements to systematically reduce risk, above all through the diversification of the portfolio. The daily asset management of the individual asset classes was transferred to professional asset managers, who are licensed and regulated by the Financial Services Authority (FSA) in Great Britain.

The pension plans in Germany are financed entirely through provisions and generally represent commitments for fixed salary-based pension subsidies or commitments based on the employee's final salary, whereby the amount is dependent on the number of years of service with the company. However, the pension plans in Germany have been closed to new employees for over ten years. The remaining risks for the company are therefore mainly actuarial in nature. There is no requirement to cover obligations through plan assets.

The pension obligations in Switzerland represent occupational pensions as defined in Swiss law ("Berufliche Vorsorge-Gesetz", BVG) and also include benefits for surviving dependents and payments in the event of the participant's invalidity. The two involved Swiss companies outsourced these obligations through so-called full-coverage insurance contracts with syndicated funds formed by insurance companies. Swiss experts qualify these full-coverage insurance plans as defined benefit plans in accordance with IAS 19 "Employee Benefits", among others, because of the legally guaranteed minimum payments. The management of plan assets by the syndicated funds is based on BVG regulations and the Swiss directive on occupational retirement, survivors' and disability insurance ("BVV 2").

The defined benefit plan in Sweden is financed entirely through provisions and is closed for new employees and additional claims. The defined benefit commitments consist of salary-based pension payments. An external insurance company ("PRI Pensionsgaranti") administers the claims, whereby the pension payments it makes to the plan participants are charged to the involved Swedish companies.

In addition, Sweden has a pension fund programme that principally qualifies as a defined benefit obligation. It is a multi-employer plan as defined in IAS 19.29, but the insurance company has not provided sufficient information to value it as defined benefit plan in accordance with actuarial principles. Therefore, payments made by the company are immediately recognised as expenses for a defined contribution plan in accordance with IAS 19.34. These expenses totalled TEUR 110 in 2023/24 (2022/23: TEUR 235), and the payments will total TEUR 103 in 2024/25. The asset coverage calculated in accordance with Swedish law equalled 163%

(2022/23: 169%) for all plan participants. This coverage represents the difference between the insurance obligations and the fair value of the relevant assets, which was determined according to information provided by the pension fund programme.

The carrying amount of the net obligations and net assets is shown below:

in TEUR	30 April 2024	30 April 2023
Obligations not financed through funds	18,616	19,171
Obligations financed through funds	198,551	198,996
Present value of defined benefit obligation (DBO)	217,167	218,167
Fair value of plan assets	(170,058)	(165,557)
Net liability as per balance sheet	47,109	52,610

The provision for pensions is classified by country as follows:

in TEUR	30 April 2024	30 April 2023
Germany	17,619	18,126
Great Britain	26,135	31,759
Switzerland	2,357	1,680
Other	998	1,045
Net liability as per balance sheet	47,109	52,610

The following table reconciles the present values of the defined benefit obligation (DBO) and plan assets at the beginning and the end of the financial year:

in TEUR	2023/24		2022/23	
	DBO	Plan assets	DBO	Plan assets
30 April 2023	218,167	165,557	273,834	218,239
Foreign currency translation	4,982	4,051	(8,588)	(7,164)
Service cost	1,438	0	1,345	0
Past service cost	0	0	(317)	0
Interest expense / income	9,528	6,653	7,317	4,911
Actuarial gain/loss recognised to other comprehensive income	(7,501)	(4,051)	(47,673)	(48,630)
<i>thereof demographic adjustments</i>	(2,941)	0	(115)	0
<i>thereof financial adjustments</i>	2,087	0	(60,991)	0
<i>thereof experience-related adjustments</i>	(6,647)	(4,051)	13,433	(48,630)
Payments	(9,447)	(2,152)	(7,751)	(1,799)
30 April 2024	217,167	170,058	218,167	165,557

The actual payments from the pension plans totalled TEUR 9,447 in 2023/24 (2022/23: TEUR 7,751).

Plan assets comprised the following as of 30 April 2024:

in TEUR	30 April 2024	thereof quoted on an active market
Liquid funds	10,945	8,035
Equity instruments	31,560	12,497
Debt instruments	27,669	24,217
Real estate	12,855	2,883
Assets held by insurance companies	5,690	0
Other	81,339	78,348
Plan assets	170,058	125,980

The plan assets generated income of TEUR 2,602 in 2023/24 (2022/23: TEUR –43,719).

The development of the present value of pension obligations and plan assets is shown in the following table:

in TEUR	30 April 2024	30 April 2023
Present value	217,167	218,167
Plan assets	(170,058)	(165,557)
Deficit	47,109	52,610

Termination benefits

These obligations are defined by law and require the company to make a lump-sum payment to employees on the termination of their employment relationship under certain circumstances.

The major termination benefit obligation is a result of Austrian law, which applies to employees who joined the Austrian group companies on or before 31 December 2002. These employees are entitled to a termination payment when they reach retirement age or when the company ends the employment relationship. The amount of the claim is linked to the length of service and the amount of the final salary or wage. The termination benefit claims for employees who joined the company after 31 December 2002 are covered by defined contribution plans.

The obligations relate to the following countries:

in TEUR	30 April 2024	30 April 2023
Austria	33,030	32,559
France	2,366	2,176
Italy	1,821	1,891
termination benefits obligation	37,217	36,626

IAS 19 Reserve

The following table shows the development of actuarial gains and losses, including deferred taxes, which were recognised directly in equity:

in TEUR	Pensions	Termination benefits	Total
30 April 2022	(95,005)	(8,457)	(103,462)
Actuarial gain/loss	(956)	2,353	1,397
Foreign currency translation	4,190	0	4,190
Deferred taxes	(1,118)	(480)	(1,598)
30 April 2023	(92,889)	(6,584)	(99,473)
Actuarial gain/loss	3,450	(4,899)	(1,449)
Changes in the scope of consolidation	470	0	470
Foreign currency translation	(2,754)	0	(2,754)
Deferred taxes	(918)	1,103	185
30 April 2024	(92,641)	(10,380)	(103,021)

Deferred taxes of TEUR 185 were recognised in other comprehensive income during 2023/24 (2022/23: TEUR –1,598).

The total actuarial losses of TEUR –4,203 recognised in 2023/24 (2022/23: gains of TEUR 5,587) include gains of TEUR 3,450 (2022/23: losses of TEUR –956) from pension plans which consist primarily of the following: gains of TEUR 4,060 (2022/23: losses of TEUR –4,719) in Great Britain, losses of TEUR –60 (2022/23: gains of TEUR 2,632) in Germany, and losses of TEUR –450 (2022/23: gains of TEUR 1,079) in Switzerland.

Sensitivity analysis

Effects on the DBO as of 30 April 2024:

	Discount rate	Salary trend	Pension trend
	0.5%	(0.5)%	0.5%
Pension plans	(12,009)	13,414	152
thereof UK	(8,693)	9,525	0
Termination benefits	(1,680)	1,800	1,681
			(1,585)
			0
			0

Effects on the DBO as of 30 April 2023:

	Discount rate	Salary trend	Pension trend
	0.5%	(0.5)%	0.5%
Pension plans	(12,530)	13,899	168
thereof UK	(9,480)	10,402	0
Termination benefits	(1,656)	1,761	799
			(717)
			0
			0

Weighted average term of the obligation in years

	30 April 2024	30 April 2023
Pension plans	11	11
Termination benefits	10	9

The contributions to pension plans are expected to total TEUR 5,557 in 2024/25, and the expected termination benefits amount to TEUR 1,618.

Other long-term employee benefits

These obligations totalled TEUR 8,233 in 2023/24 (2022/23:TEUR 8,125) and consisted mainly of the following provisions: TEUR 6,564 (2022/23:TEUR 6,457) for service anniversary bonuses in Austria, TEUR 376 (2022/23:TEUR 365) for partial retirement in Germany, TEUR 742 (2022/23:TEUR 782) for special leave in Australia, and TEUR 551 (2022/23:TEUR 521) for legally required profit sharing and bonus payments for long-standing service in France.

2.6.6.12 Defined contribution obligations

Defined contributions of TEUR 5,419 to various pension plans were made by various Group companies in 2023/24 (2022/23:TEUR 5,376). This amount also includes payments made in Austria based on the amended termination benefits regulations ("Abfertigung neu").

2.6.6.13 Defined benefit remuneration systems

The compensation packages for employees in certain functions include annual variable salary components. The employees assigned to these functions are entitled to participate in the Group's overall results and, consequently, are part of the Global Reward Scheme (GRS). The variable salary components of the GRS consist of two incentive schemes:

- 1) Short-Term Incentive Scheme (STI)
- 2) Long-Term Incentive Scheme (LTI)

Variable remuneration comprises a short-term component (Short-Term Incentive; STI) and a long-term component (Long-Term Incentive; LTI). The STI is paid out in cash on the allocation date. Beginning with the 2023/24 financial year, the cash distribution from the LTI is spread over four years for all participants.

The performance evaluation for the allocation of variable remuneration (STI) to employees in the respective distribution year is based on four indicators: the EBIT margin, free cash flow, ESG goals and individual goals. For the Management Board, the performance indicators are the EBIT margin, free cash flow and ESG goals. The targets for these performance indicators are based on the budget forecast and defined at the beginning of each financial year.

The evaluation of the accrued LTI tranches from earlier years up to and including the 2021/22 financial year is based on the total shareholder return of Zumtobel Group AG, which is compared with the total shareholder return of selected, comparable companies (peer group). This peer group has a broad distribution, from both a geographical and industrial perspective. For LTI participants below the Management Board, this applies up to and including the 2022/23 financial year.

The following procedure applicable to the Management Board for granted LTI tranches also covers these persons beginning with the 2023/24 financial year. The current tranche of the long-term component from the LTI commitment had been earned in full as of 30 April 2024, whereby the average relative TSR target attainment was based on a branch index compared with the STOXX® Europe 600 Industrial Goods & Services and average annual revenue growth over a four-year performance period (compound annual growth rate, CAGR). A provision was therefore recognised at the full amount of the obligation. The provisions for share-based remuneration with cash settlement totalled TEUR 4,543 in 2023/24 (2022/23:TEUR 5,273), and the respective amount recognised under personnel expenses amounted to TEUR 148 (2022/23:TEUR 2,029).

In addition to this remuneration method, variable salary components represent part of the total compensation package for the sales staff (direct sales jobs) and participants in defined local remuneration programmes.

2.6.6.14 Other provisions

2023/24 Financial Year

in TEUR	Guarantees	Restructuring	Legal proceedings	Onerous contracts	Other	Total
30 April 2023	29,715	2,485	77	1,602	9,214	43,093
Addition	8,583	5,714	0	1,435	6,903	22,635
Utilisation	(9,389)	(2,300)	0	(1,069)	(5,443)	(18,201)
Reversal	(364)	(45)	(5)	0	(640)	(1,054)
Changes in the scope of consolidation	0	0	0	0	0	0
Foreign currency translation	469	16	0	36	24	545
30 April 2024	29,014	5,870	72	2,004	10,059	47,019
thereof current	11,306	5,870	72	2,004	8,023	27,275
thereof non-current	17,708	0	0	0	2,036	19,744

Other current provisions include, among others, accruals for licenses, commissions, customs duties, freight and professional associations as well as consulting and auditing fees. The comparable position under **other non-current provisions** consists chiefly of settlements due to sales representatives.

Provisions for guarantees

The provisions for guarantees are classified into separate provisions of TEUR 9,178 (2022/23:TEUR 8,640) for individual cases experience-based provisions of TEUR 2,129 (2022/23:TEUR 2,331) for cases not recognised individually or not known. Provisions are created for cases not recognised individually or not known in connection with the voluntary extension of the guarantee to five years for Zumtobel products sold in the EU or EFTA countries. The respective calculations include the application of separate percentage rates for the various product groups to product revenues for the respective period. In addition, provisions of TEUR 17,708 (2022/23:TEUR 18,744) were recognised for individual damage cases which primarily involve road lighting projects in Great Britain¹

Restructuring provisions

These provisions resulted from the restructuring measures connected with the plant reorganisation which were still in progress as of 30 April 2024.

2.6.6.15 Financial liabilities

in TEUR	30 April 2024	30 April 2023
Loans from financial institutions	71,454	2,025
Lease liability	11,593	12,035
Working capital credits	12,691	22,376
Current borrowings	95,738	36,436
Loans from financial institutions	6,064	70,000
Lease liability	31,260	33,502
Loans from public authorities	5,888	7,536
Non-current borrowings	43,212	111,038
Borrowings	138,950	147,474

The consortium credit agreement concluded on 15 December 2021 represents a major financing agreement for the Zumtobel Group. It has a term ending in December 2028 (2022/23: December 2027) and a maximum line which currently equals EUR 125 million. This credit agreement was converted into an "ESG linked loan" in June 2023 which is connected to the sustainability strategy and performance. Financing costs reflect the target attainment as confirmed by the EcoVadis sustainability rating and by the reduction of Scope 3 CO₂ emissions. A total of EUR 5 million was drawn as of 30 April 2024 (2022/23: no funds drawn). Two long-term credit agreements were also concluded with the European Investment Bank (EIB) for EUR 30 million and EUR 40 million, respectively, with bullet repayment and terms ending in September 2024 and February 2025. Both facilities were fully drawn as of 30 April 2024. These significant financing agreements include a change of control clause that would take effect if the Zumtobel family syndicate were no longer the largest shareholder group or if their holding fell below a specified threshold. They also require compliance with specific financial covenants (a debt coverage ratio of less than 3.55 and an equity ratio of more than 23.5%). The financial covenants were met in full as of 30 April 2024 with a debt coverage ratio of 0.73 (2022/23: 0.62) and an equity ratio of 43.1% (2022/23: 42.1%). The consortium credit agreement also includes a clause for an increase of up to EUR 225 million which can be drawn under certain circumstances. A deterioration or improvement in these financial indicators could lead to a gradual increase or decrease in the credit margin. Failure to comply with the covenants could cause the lending banks to call existing loans.

2.6.6.16 Rights of use from leases and lease liabilities

The Zumtobel Group leases various items of real estate, machinery and motor vehicles. The related leases are generally concluded for three to ten years but can also include extension options. These contracts can include leasing as well as non-leasing components. The transaction prices for the various components are based on their respective individual prices. Leases are negotiated individually and include a wide variety of different conditions. They do not include any credit conditions, with the exception that the leased objects serve as collateral for the lessor. Consequently, leased assets may not be used as collateral for borrowings.

The assets and liabilities from leases are initially recognised at their present value. The lease liabilities include the present value of the following lease payments:

- >> Fixed lease payments (including de facto fixed payments minus any incentives received)
- >> Variable lease payments that are linked to an index or interest(rate) and initially recognised at the index or interest(rate) on the commencement date
- >> Expected payments by the Group from the utilisation of residual value guarantees
- >> Penalty payments connected with the cancellation of a lease, if the Group plans to exercise the cancellation option during the term of the lease.

The measurement of lease liabilities also includes the lease payments which would result from the sufficiently probable exercise of extension options. Lease payments are discounted at the underlying implied interest rate when this rate can be readily determined. If not – which is usually the case – discounting is based on the lessee's incremental borrowing rate, i.e. the interest rate that the lessee would have to pay to borrow over a similar term with similar security and conditions to purchase an asset of similar value in a similar economic environment.

Group-wide interest rates are available for use in establishing the incremental borrowing rate. They are based on the Group's major currencies, each with three maturity bands.

The currency-specific three-year SWAP rate plus the Group's risk premium represents a uniform interest rate for all leases with a term up to three years. This covers the majority of the leasing contracts, which primarily involve motor vehicles with a term of 36 months. The currency-specific, six-year SWAP rate plus the Group's risk premium represents a uniform interest rate for all leases with a term of three to six years. The calculations for leases with a term over six years are based on a currency-neutral ten-year SWAP rate.

The overall risk premium is based on the parameters for the Group's average credit spread and the respective country-specific risk premium, which form the basis to establish the WACC for impairment testing. Local investments are generally financed internally through loans or with guarantees provided by the Group.

The Zumtobel Group is exposed to potential changes in variable lease payments arising from fluctuations in an index or interest(rate). Any effect on the lease payment is reflected in the remeasurement of the lease liability against the right of use. Lease payments are separated into a principal and an interest portion. The interest portion is recognised to profit or loss over the term of the lease to develop a constant periodic rate of interest over the remaining amount of the liability.

The rights of use are measured at cost, which includes the following components:

- >> The amount determined by the initial measurement of the lease liability
- >> any lease payments made at or before the commencement date, less any lease incentives received
- >> any initial direct costs incurred by the lessee and
- >> the estimated costs for the lessee to return the underlying asset to the condition required by the lease.

Rights of use are amortised on a straight-line basis over the shorter of the asset's useful life and the term of the underlying lease. Payments for short-term leases of technical equipment, machinery and motor vehicles and low-value leases are expensed as incurred. Short-term leases are defined as leases with a term up to twelve months and without a purchase option. Low-value assets include IT and office equipment.

A number of real estate leases held by the Group, primarily in connection with sales locations, include extension and cancellation options. Most of these extension and cancellation options can only be exercised by the Zumtobel Group and not by the respective lessor. In establishing the term of a lease, management includes all facts and circumstances which could provide an economic incentive to exercise an extension option or not to exercise a cancellation option. Any changes in the term arising from the exercise of extension or cancellation options are only included in the lease term when the extension or non-exercise of the cancellation option is sufficiently probable.

Development of the rights of use in 2023/24:

in TEUR	Land & buildings	Other equipment	Right-of-use assets
30 April 2023	23,354	7,934	31,288
Additions	7,930	5,387	13,317
Scheduled depreciation	(8,371)	(4,306)	(12,677)
Other movements	(2,090)	(616)	(2,706)
30 April 2024	20,823	8,399	29,222

Future lease payments to third parties:

in TEUR	2023/24	2022/23
< 1 year	14,038	13,963
1–5 years	32,358	32,426
> 5 years	3,342	5,438
Total minimum lease payments	49,738	51,827

Expenses totalling TEUR 10,427 were incurred in 2023/24 (2022/23: TEUR 10,654) for licences/software leasing, short-term leases, low-value leases, leases with rights and obligations whose enforcement is not sufficiently certain, and service components. The interest expense arising from leases amounted to TEUR 2,684 (2022/23: TEUR 2,988). Lease payments totalled TEUR 16,308 (2022/23: TEUR 16,500), whereby there are no conditional lease payments.

Material leases:

A GBP 15.7 million finance lease was concluded in 2008/09 for the factory building in Spennymoor, Great Britain. This finance lease has a 21-year term, whereby no payments were due in the first year. The net present value of the minimum lease payments totalled TEUR 11,155 as of 30 April 2024 (2022/23: TEUR 12,485). The year-on-year change in the net present value of the minimum lease payments resulted chiefly from repayments of TEUR 1,707 (2022/23: TEUR 1,141) and from foreign exchange translation effects.

2.6.6.17 Zumtobel Group as the lessor

The Zumtobel Group has sublet vacant office and warehouse space which, in total, is immaterial in scope. The terms of these subleases range from one to three years.

Rental income of TEUR 167 was received in 2023/24 (2022/23: TEUR 178). Of this total, TEUR 167 (2022/23: TEUR 178) represent income from sub-letting capitalised rights of use as defined in IFRS 16.

2.6.6.18 Other liabilities

The components of other liabilities are as follows:

in TEUR	30 April 2024	30 April 2023
Contract liabilities	39,669	54,083
Government grants	8,344	9,499
Vacations, comp. in free time, special payments to employees	65,534	64,967
Amounts due to employees	10,654	7,867
Miscellaneous taxes	17,973	20,581
Social security	6,528	6,154
Accrued interest	319	265
Derivatives (hedge accounting)	3,805	4,274
Derivatives held for trading	112	996
Customs	34	33
Other liabilities	7,706	7,232
Other liabilities	160,678	175,951
<i>thereof non-current</i>	18,808	17,861
<i>thereof current</i>	141,870	158,090

Contract liabilities consist primarily of prepayments received, rebates, bonuses and discounts arising from contracts with customers and from long-term accruals for extended guarantees of TEUR 14,500 (2022/23:TEUR 13,466). The Zumtobel Group received government grants totalling TEUR 6,710 for the plant in Serbia in the previous years, which will be reported as liabilities until the grant conditions are met in full. The position "government grants" also includes research subsidies and investment bonuses. The amounts due to employees are based mainly on commitments made in connection with the employee incentive programme and include long-term commitments of TEUR 4,308 (2022/23:TEUR 4,395). Other liabilities primarily involve accrued expenses and customers with credit balances which do not represent financial instruments.

2.6.7 Notes to the Consolidated Cash Flow Statement

Cash flow was determined on a monthly basis in accordance with the indirect method. The resulting monthly cash flows are translated at the average monthly exchange rate and then aggregated, while the balance sheet positions are translated at the exchange rate in effect on the closing date. This procedure leads to currency translation differences, above all in individual positions under cash flow from operating activities, and thereby also to significant differences in comparison with the changes in the respective balance sheet positions.

In agreement with the indirect method, profit before tax is adjusted for the effects of non-cash transactions (e.g. depreciation and amortisation) as well as income and expenses that relate to investing or financing activities.

Cash flow from operating results fell from TEUR 140,205 to TEUR 105,845 in 2023/24, chiefly due to the decline in revenues.

Working capital totalled TEUR 225,593 as of 30 April 2024 and was TEUR 6,153 below the level on 30 April 2023. Inventories were reduced by TEUR 14,053 following the easing of tensions on the global procurement markets. Trade receivables were TEUR 2,119 higher as of 30 April 2024. Trade liabilities increased by TEUR 9,197, while prepayments received declined by TEUR 14,979. As a per cent of rolling 12-month revenues, working capital rose from 19.2% in the previous year to 20.0%. The receivables sold through factoring agreements amounted to TEUR 50,030 as of 30 April 2024 (2022/23: TEUR 55,689). The change in other operating positions equalled TEUR -2,310 (2022/23: TEUR -1,822). The cash outflows in this position resulted primarily from a reduction of the provisions for bonuses and pensions. These effects were contrasted by an increase in the provisions for restructuring and for outstanding holiday leave and overtime. Cash flow from operating activities declined from TEUR 106,213 to TEUR 102,284 in 2023/24.

Cash flow from investing activities consists mainly of investments in various production facilities and also includes investments in tools for new products, expansion projects, maintenance and capitalised development costs. Investments increased year-on-year to TEUR 50,847 in 2023/24 (2022/23: TEUR 54,484) and included capitalised development costs, digitalisation and modernisation expenditures of TEUR 35,355 (2022/23: TEUR 39,354) in Dornbirn. Free cash flow rose to TEUR 53,813 in the reporting year (2022/23: TEUR 52,259).

Cash flow from financing activities was adjusted by the non-cash additions from lease liabilities. This position includes cash outflows of TEUR 13,577 (2022/23: TEUR 13,514) for principal payments on lease liabilities and TEUR 11,627 (2022/23: TEUR 6,942) of interest paid. Dividends of TEUR 17,259 were distributed to shareholders during the 2023/24 financial year (2022/23: TEUR 15,101).

Liquid funds comprise cash and cash equivalents. The latter are held for the purpose of meeting short-term cash obligations. They are subject to only insignificant fluctuations in value and have a remaining maturity of not more than three months from the date of acquisition. Bank overdrafts are generally considered to be part of cash and cash equivalents because they form an integral part of the Group's cash management.

Bank deposits, demand deposits and other similar items are presented on the consolidated balance sheet under "liquid funds". Overdrafts are reported on the balance sheet under current financial liabilities.

The balance sheet position "liquid funds" also includes the above-mentioned bank deposits that are not available for discretionary use as well as smaller deposits with a term over three months. These items are not considered to be part of cash and cash equivalents.

2.6.7.1 Reconciliation to cash and cash equivalents

in TEUR	30 April 2024	30 April 2023
Liquid funds	60,375	58,918
Not available for disposal	(59)	(59)
Overdrafts	(12,691)	(22,376)
Cash and cash equivalents	47,625	36,483

Cash and cash equivalents do not include funds that are subject to restrictions on disposal.

2.6.7.2 Reconciliation to financial liabilities

in TEUR	Loans received (non- current and current)	Overdrafts	Total	Lease liability (non-current and current)	Total Borrowings
30 April 2022	108,245	(18,906)	89,339	49,510	138,849
Cash proceeds from non-current and current borrowings			2,464	0	2,464
Cash repayments of non-current and current borrowings			(19,517)	(13,514)	(33,030)
Effect of changes in foreign exchange rates			7,422	1,579	9,001
Other changes			(147)	7,962	7,815
30 April 2023	101,937	(22,376)	79,561	45,537	125,098
Cash proceeds from non-current and current borrowings			6,360	0	6,360
Cash repayments of non-current and current borrowings			(2,809)	(13,577)	(16,386)
Effect of changes in foreign exchange rates			1,064	(489)	575
Other changes			(770)	11,382	10,612
30 April 2024	96,096	(12,691)	83,406	42,853	126,259

The position "other changes" consists chiefly of the non-cash changes to lease liabilities arising from the additions, disposals and modifications to leases as well as accrued interest.

2.6.8 Notes to the Consolidated Statement of Changes in Equity

2.6.8.1 Share capital

The General Meeting on 28 July 2023 approved a capital reduction through the withdrawal of treasury shares. This reduction took effect on 15 December 2023 following its entry in the company register. The company's share capital was reduced from EUR 108,750,000 to EUR 107,866,642.50 through the withdrawal of 353,343 treasury shares and is divided into 43,146,657 bearer shares with zero par value.

Zumtobel Group AG shares are traded in the Prime Market segment of the Vienna Stock Exchange. The stock market abbreviation is ZAG, and the international security identification number (ISIN) is AT0000837307. The company has no shares that carry special preferred rights or control rights.

The number of shares outstanding and treasury shares developed as follows:

in pcs.	Outstanding shares	Treasury shares	Total
30 April 2023	43,146,657	353,343	43,500,000
Capital decrease through withdrawal of own shares		(353,343)	(353,343)
Share buyback	(256,314)	256,314	0
30 April 2024	42,890,343	256,314	43,146,657

2.6.8.2 Additional paid-in capital

Additional paid-in capital includes the appropriated and non-appropriated capital of Zumtobel Group AG. This item also includes any transactions in treasury shares.

2.6.8.3 Reserves

Other reserves

This position includes profit carried forward, profit for the year and the reserve from the expired stock option programme.

Currency reserve

This reserve includes the currency differences resulting from the application of the historical exchange rate on the date of initial consolidation and the exchange rate in effect on the balance sheet date for companies that do not report in the euro as well as differences resulting from the translation of the income statement at the monthly average exchange rate and the exchange rate in effect on the balance sheet date. Also included here are the currency differences arising from long-term Group loans granted in GBP and AUD, which are classified as net investments in foreign operations in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates" (also see notes 2.6.5.1 and 2.6.5.2), as well as the foreign exchange effects from an interest rate hedge. Foreign exchange-based adjustments to goodwill are also recorded under this position.

Reserves for cash flow hedges

The increases or decreases in equity in the previous year from the application of hedge accounting reflect the changes in the fair value of derivative contracts that are recorded directly in equity as well as amounts transferred from equity to profit or loss following the exercise or realisation of contracts and the related deferred taxes.

IAS 19 reserve

Additional information on the IAS 19 reserve is provided in note 2.6.6.11.

2.6.8.4 Dividend

The general meeting on 28 July 2023 approved a dividend payment of 40 euro cents per share for the 2022/23 financial year. Accordingly, a total of TEUR 17,259 was distributed on 4 August 2023 to the 43,146,657 shares outstanding (43,500,000 shares less 353,343 treasury shares).

Zumtobel Group AG follows a continuous dividend policy which calls for a pay-out of approximately 30% to 50% of consolidated net profit, taking any special effects into consideration. In order to safeguard the company's financial stability under all possible scenarios, the specific amount of the dividend is also dependent on debt coverage.

Net profit for the 2023/24 financial year was positive at TEUR 24,576. In view of this solid operating development, the Management Board plans to make a recommendation to the Supervisory Board, and subsequently to the annual general meeting of Zumtobel Group AG which is scheduled for 2 August 2024, to distribute a dividend of 25 euro cents per share for the 2023/24 financial year.

2.6.9 Capital management

The goals of capital management in the Zumtobel Group are to protect the continued existence of its member companies ("going concern") and to optimise the return for shareholders by creating the best possible balance between the use of equity and debt. The capital structure is monitored regularly based on the minimum equity ratio agreed with the major lenders, including the cost and the risks connected with each type of capital. The main instruments used for capital management include an increase in or reduction of financial liabilities as well as dividend payments, new issues and share buybacks.

The consortium credit agreement and two long-term credit contracts with the European Investment Bank (EIB) represent the major financing agreements for the Zumtobel Group. Information on these credit agreements is provided in note 2.6.6.15.

2.6.10 Information on Financial Instruments

2.6.10.1 Categories of financial instruments as defined in IFRS 9

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as well as their classification in the fair value hierarchy.

2023/24 Financial Year

Assets

in TEUR	Carrying amount	Accounting at		Fair value	Level 1	Level 2	Level 3
		fair value	amortized cost				
Non-current financial assets	5,323	576	4,747	-			
<i>Securities and similar rights</i>	576	576	-	576			576
<i>Loans originated and other receivables</i>	4,747	-	4,747	-			
Current financial assets	4,373	2,904	1,469	-			
<i>Securities and similar rights</i>	1,454	-	1,454	-			
<i>Loans originated and other receivables</i>	15	-	15	-			
Positive market values of derivatives held for trading	2,862	2,862	-	2,862		2,862	
Positive market values of derivatives (hedge accounting)	42	42	-	42		42	
Trade receivables	171,862	1,454	170,408	1,454			1,454
Liquid funds	60,375	-	60,375	-			
Total	241,933	4,934	236,999				

Liabilities

in TEUR	Carrying amount	Accounting at		Fair value	Level 1	Level 2	Level 3
		fair value	amortized cost				
Non-current borrowings	43,212	-	43,212	-			
<i>Loans received</i>	11,952	-	11,952	10,534			
<i>Lease liability</i>	31,260	-	31,260	-			
Other non-current liabilities	-	-	-	-			
Current borrowings	95,738	-	95,738	-			
<i>Loans received</i>	71,454	-	71,454	-			
<i>Working capital credits</i>	12,691	-	12,691	-			
<i>Lease liability</i>	11,593	-	11,593	-			
Trade payables	105,774	-	105,774	-			
Other current liabilities	4,236	3,917	319	3,917			
<i>Negative market values of derivatives held for trading</i>	112	112	-	112		112	
<i>Negative market values of derivatives (hedge accounting)</i>	3,805	3,805	-	3,805		3,805	
<i>Other</i>	319	-	319	-			
Total	248,960	3,917	245,043				

The table does not include any information on the fair value of financial assets and financial liabilities that are not carried at fair value when the carrying amount represents an approximation of fair value.

All financial liabilities are carried at amortised cost, with the exception of derivatives.

In the Zumtobel Group, the calculation of fair value is based primarily on input factors which are generally observable on the market (Level 2). The fair value of forward exchange contracts is based on the present value of future cash flows and reflects the application of current market-based interest rate curves for the respective currency and the foreign exchange rates in effect on the valuation date. The fair value of the remaining derivative financial instruments can be reliably determined as of each balance sheet date because these measurements are based on observable market input factors. These valuations reflect the Level 2 criteria. The Level 2 financial instruments consist entirely of the derivatives reported under financial assets and financial liabilities (positive market values: TEUR 2,904, 2022/23: TEUR 426; negative market values: TEUR -3,917, 2022/23: TEUR -5,270). The risks associated with non fulfilment of the financial assets and liabilities are reflected in risk discounts if the amounts are material.

The consolidated financial statements also include an immaterial volume of financial instruments whose valuation is not based on quoted prices or input factors that can be observed on the market (Level 3). Most of these financial instruments represent smaller investments in various companies. In total, there were no major year-on-year changes in the composition of these financial instruments. Dividends of TEUR 14 were received during the 2023/24 financial year (2022/23: TEUR 14).

2022/23 Financial Year

Assets

in TEUR	Carrying amount	Accounting at		Fair value	Level 1	Level 2	Level 3
		fair value	amortized cost				
Non-current financial assets	5,336	576	4,760	-			
<i>Securities and similar rights</i>	576	576	-	576			576
<i>Loans originated and other receivables</i>	4,760	-	4,760	-			
Current financial assets	2,084	426	1,658	-			
<i>Securities and similar rights</i>	1,642	-	1,642	-			
<i>Loans originated and other receivables</i>	16	-	16	-			
<i>Positive market values of derivatives held for trading</i>	426	426	-	426		426	
Trade receivables	169,743	1,642	168,101	1,642			1,642
Liquid funds	58,918	-	58,918	-			
Total	236,081	2,644	233,437				

Liabilities

in TEUR	Carrying amount	Accounting at		Fair value	Level 1	Level 2	Level 3
		fair value	amortized cost				
Non-current borrowings	111,038	-	111,038	-			
<i>Loans received</i>	77,536	-	77,536	75,340			
<i>Lease liability</i>	33,502	-	33,502	-			
Other non-current liabilities	-	-	-	-			
Current borrowings	36,436	-	36,436	-			
<i>Loans received</i>	2,025	-	2,025	-			
<i>Working capital credits</i>	22,376	-	22,376	-			
<i>Lease liability</i>	12,035	-	12,035	-			
Trade payables	96,577	-	96,577	-			
Other current liabilities	5,535	5,270	265	5,270			
<i>Negative market values of derivatives held for trading</i>	996	996	-	996		996	
<i>Negative market values of derivatives</i>	4,274	4,274	-	4,274		4,274	
<i>Other</i>	265	-	265	-			
Total	249,586	5,270	244,316				

2.6.10.2 Income / expense on financial instruments (IFRS 9 categories)

in TEUR	2023/24	2022/23
Net gains or net losses	1,124	(3,549)
<i>Financial instruments measured at amortised cost</i>	(2,196)	(2,347)
<i>Financial instruments at fair value through P&L</i>	3,997	(591)
<i>Net investment hedge – ineffective portion of changes in fair value</i>	0	37
<i>Realised losses from the hedge of a net investment</i>	(677)	(648)
Interest expense	(11,765)	(7,254)
<i>Interest expense for financial assets measured at amortised cost</i>	(11,765)	(7,254)
Interest income	697	445
<i>Interest income at amortised cost</i>	692	445
<i>Interest income hedge accounting</i>	5	0
Valuation adjustments to trade receivables	74	(412)

Other financial income and expenses (TEUR –3,525; 2022/23: TEUR –7,167) include the net income or expense from these instruments (TEUR 1,124; 2022/23:TEUR –3,549) as well as the interest component as defined in IAS 19 "Employee Benefits" after the deduction of income on plan assets (TEUR –4,649; 2022/23:TEUR –3,618).

Net income / expense as well as the total interest expense and income are included under financial results, while impairment losses on loans and receivables are reported under selling expenses.

2.6.11 Information on Risk Management

The use of financial instruments exposes the Zumtobel Group, in particular, to the following risks:

- >> Credit risk
- >> Liquidity risk
- >> Market risk

Risk management is regulated by Group guidelines. The Management Board is responsible for the preparation of appropriate guidelines and the monitoring of risk management throughout the Group.

2.6.11.1 Credit risk

- >> Trade receivables

Group companies have not concluded any general settlement agreements with customers, and the total amounts reported under assets therefore represent the maximum credit and default risk. However, this risk is considered low because it is distributed over a large number of customers and financial institutions. Losses on receivables, i.e. derecognised receivables, equalled 0.12% of Group revenues in 2023/24 (2022/23: 0.07%). In 2023/24, no individual customer was responsible for more than 10% of Group revenues.

The Group has arranged for credit insurance to cover the default risk on specific trade receivables, and an application for coverage is required for every new customer with a balance of TEUR 100 or more. The deductible on this credit insurance in the event of a default incident equalled 25% of the insured receivables as of 30 April 2024. Group managers are authorised to approve credit limits for customers, whereby the amount of the credit limit is matched to the management level.

The valuation adjustments to trade receivables developed as follows:

in TEUR	2023/24	2022/23
Beginning balance	(8,164)	(8,017)
Foreign currency translation	122	(98)
Addition	(814)	(990)
Utilisation	1,404	228
Reversal	814	713
Ending balance	(6,638)	(8,164)

Individual valuation adjustments were recognised in connection with possible default cases. These individual charges are based on the classification of receivables as doubtful or non-doubtful. The allowances for doubtful receivables are based on specific indications or confirmation of the need to recognise a valuation adjustment. The allowances for non-doubtful receivables are calculated on the basis of a six-step risk class model which includes empirically developed default probabilities.

Trade receivables gross	178,500
thereof Trade receivables not valued in risk-class-model	(31,172)
thereof Trade receivable valuation base	147,328

Probability of default per risk class in %	Basis for impairment	Impairment
Debtor risk class 1	0.05%	8,808
Debtor risk class 2	0.17%	33,038
Debtor risk class 3	0.47%	42,630
Debtor risk class 4	1.53%	51,343
Debtor risk class 5	9.14%	6,802
Debtor risk class 6	15.00%	4,707
Total	147,328	(1,447)
Country-specific factor	0,89 - 1,25	(119)
Total		(1,566)

The main components of trade receivables that are not evaluated under the risk class valuation model are as follows:

- Receivables whose impairment or default is covered by individual credit insurance are excluded in line with the deductible.
- The dilution reserve and ongoing activities for the receivables derecognised in connection with the factoring agreement which are contrasted by contract liabilities from the granting of discounts, bonuses and rebates as well as a liability to the factor.
- Trade receivables from the invoicing of partial services for which prepayments have already been recognised as liabilities.

The nominal value of trade receivables includes TEUR 5,072 (2022/23:TEUR 6,074) that were classified as doubtful. These doubtful receivables were written off in full.

>> Liquid funds, securities, derivatives and other financial assets

The Zumtobel Group minimises credit risk in this area by investing only in short-term instruments with selected banks.

>> Outstanding credit risk

The maximum risk represents the carrying amount of financial instruments and totalled TEUR 241,933 as of 30 April 2024 (2022/23: TEUR 236,081). This amount consists primarily of trade receivables and liquid funds (also see note 2.6.10.1).

>> Climate-related credit risks

The Zumtobel Group currently sees no credit risks which would be caused directly by climate change due to the short term of the loans from trade receivables which result from its business model.

2.6.11.2 Liquidity risk

Liquidity risk represents the risk that the Zumtobel Group will be unable to meet its current and/or future payment obligations in full or on a timely basis. In order to ensure the ability to meet these obligations at all times, the Zumtobel Group maintains liquidity reserves in the form of demand deposits with banks to service expected operating expenses and financial liabilities. The Group also has extensive working capital credit lines that allow it to offset seasonal liquidity fluctuations arising from business activities, both in specific months and during the year. Consequently, there are no material liquidity risks connected with short-term financing. The results of the climate and vulnerability analysis and the analysis of transitory climate risks did not identify any material liquidity risks.

As of 30 April 2024, the Zumtobel Group had the consortium credit agreement and two other variable interest credit agreements at its disposal (see note 2.6.6.15). Other sources of liquidity include TEUR 43,306 (2022/23: TEUR 43,228) of short-term unsecured credit lines with interest rates that are dependent on local market circumstances and reflect ordinary conditions in the respective countries.

The following schedule of future payments shows the periods in which the cash flows are expected to occur. The liabilities recorded as of 30 April 2024 will result in the following payments.

30 April 2024

in TEUR	Carrying amount	Total	Contractual cash flow		
			< 1 year	1–5 years	> 5 years
Borrowings	138,950	147,892	102,074	42,476	3,342
Loans from financial institutions	77,518	78,151	72,560	5,591	0
Loans from public authorities	5,888	7,312	2,785	4,527	0
Lease liability	42,853	49,738	14,038	32,358	3,342
Working capital credits	12,691	12,691	12,691	0	0
Trade payables	105,774	105,774	105,774	0	0
Other liabilities	4,236	2,769	455	2,314	0
Derivatives held for trading	112	128	128	0	0
thereof outflows of forward exchange contracts		19,168	19,168	0	0
thereof inflows of forward exchange contracts		19,041	19,041	0	0
Derivatives (hedge accounting)	3,805	2,322	8	2,314	0
Other financial instruments	319	319	319	0	0
Liquidity risk	248,960	256,435	208,303	44,790	3,342

30 April 2023

in TEUR	Carrying amount	Total	Contractual cash flow		
			< 1 year	1–5 years	> 5 years
Borrowings	147,474	157,184	41,536	110,210	5,438
Loans from financial institutions	72,025	75,140	3,131	72,009	0
Loans from public authorities	7,536	7,841	2,066	5,775	0
Lease liability	45,537	51,827	13,963	32,426	5,438
Working capital credits	22,376	22,376	22,376	0	0
Trade payables	96,577	96,577	96,577	0	0
Other liabilities	5,535	5,243	5,243	0	0
Derivatives held for trading	996	717	717	0	0
thereof outflows of forward exchange contracts		69,265	69,265	0	0
thereof inflows of forward exchange contracts		68,838	68,838	0	0
thereof conditional derivatives (options)		289	289	0	0
Derivatives (hedge accounting)	4,274	4,261	4,261	0	0
Other financial instruments	265	265	265	0	0
Liquidity risk	249,586	259,004	143,356	110,210	5,438

The future cash flows from derivatives with a positive market value are as follows:

30 April 2024

in TEUR	Carrying amount	Total	Contractual cash flow		
			< 1 year	1–5 years	> 5 years
Financial assets	2,904	3,484	3,496	(12)	0
Derivatives (hedge accounting)	42	28	40	(12)	0
Derivatives held for trading	2,862	3,456	3,456	0	0
thereof outflows of forward exchange contracts		108,578	108,578	0	0
thereof inflows of forward exchange contracts		112,034	112,034	0	0

30 April 2023

in TEUR	Carrying amount	Total	Contractual cash flow		
			< 1 year	1–5 years	> 5 years
Financial assets	426	458	458	0	0
Derivatives held for trading	426	458	458	0	0
thereof outflows of forward exchange contracts		60,992	60,992	0	0
thereof inflows of forward exchange contracts		61,373	61,373	0	0
thereof conditional derivatives (options)		77	77	0	0

No securities were pledged as collateral.

2.6.11.3 Market risk

Market risk represents the risk arising from changes in market prices that are denominated in a foreign currency (in particular, from sales and procurement transactions that are not denominated in the functional currency or from net investments in Group companies with a different functional currency than the euro). Another source of market risk involves the changes in interest rates and raw material prices which could have a negative effect on Group earnings and/or the fair value of the financial instruments used

by the Group. The goal of risk management in this area is to identify and minimise these risks as far as possible and economically feasible through the implementation of appropriate measures.

The Zumtobel Group uses derivative financial instruments in certain cases to provide protection against these risks. Derivative transactions are concluded only with selected banks in order to minimise the credit risk associated with the hedges. The use of derivative financial instruments is regulated by a Group hedging policy. No derivatives are used for trading or speculative purposes.

Planned cash flows that are exposed to exchange rate risks are generally hedged for an average of one to three quarters on a rolling basis. This method leads to a relatively constant volume of hedges and equalises foreign exchange exposure. Raw material price risks are reduced where possible through appropriate supplier agreements.

The Zumtobel Group concluded a cross-currency interest rate swap to hedge a net investment in Swiss francs. The fair value changes in the hedging instrument are recorded in comprehensive income under currency differences in accordance with IFRS 9 "Financial Instruments – Recognition and Measurement". The hedge was last extended on 30 June 2023 based on a historical exchange rate (EUR/CHF 1.4364) at a nominal amount of TCHF 12,780, and the term now ends on 30 June 2026. Amortisation of TCHF 500 (initially as of 29 September 2023) is recorded quarterly and included as part of the hedge. In connection with this new roll over, the CHF-denominated net investment (the business operations of the Swiss subsidiaries) was designated as an underlying transaction at a proportional amount of TCHF 12,780 without termination of the existing hedge. The designated nominal amount of the underlying transaction is also reduced quarterly by TCHF 500 in line with the amortisation of the hedge. The variable CHF-SARON is used as the CHF reference interest rate for the CHF-denominated component and the variable three-month EURIBOR for the EUR component. The effectiveness of the hedge relationship is determined at the beginning of the hedge and on a regular basis through a prospective evaluation with a critical terms match. This process ensures an economic connection between the hedge and the underlying transaction. The effectiveness is assumed to equal 100% from a prospective standpoint and, consequently, no ineffectiveness was recognised.

Interest rate risk

Interest rate risk represents the possible fluctuation in the value of a financial instrument due to an increase or decrease in market interest rates or a future change in cash flows from variable interest items. The risk associated with interest rate fluctuations is related primarily to receivables and liabilities with a term of more than one year. These terms are not of material importance in the operating area but can play a role with respect to financial assets and financial liabilities.

The continuing upward trend in money market interest rates during the 2023/24 financial year led to a substantial increase in interest expense because most of the major bank liabilities held by the Zumtobel Group carry variable interest rates. The two bilateral long-term loans concluded with the European Investment Bank (EIB) for TEUR 30,000 and TEUR 40,000 have a term ending in September 2024, respectively February 2025 and include variable interest rates (EURIBOR money market interest rate plus a fixed interest margin). The consortium credit agreement and the factoring agreement are also based on money market rates plus an agreed margin.

The current low level of net debt and a slight correction to three-year interest rates led to the conclusion of a EUR interest rate swap in February 2024, which has a nominal volume of TEUR 5,000 and fixed interest up to March 2027. Apart from this and in agreement with the prevailing market outlook, interest rates are expected to decline during the 2024 calendar year. This interest rate swap exchanges variable interest payments for monthly fixed interest payments at 2.687% per year and was designated as a cash flow hedge for the variable interest payments from the proportional amount of the outstanding draw-down from the consortium credit agreement at the same nominal volume in accordance with IFRS 9 (contrasting identical risk components for the underlying transaction and the derivative, hedge ratio 1:1). From a prospective standpoint, the effectiveness is assumed to be almost 100% due to the similarity of the major contract terms (e.g. reference interest rate, interest rate adjustment dates, payment dates and nominal amount). Potential sources of ineffectiveness could come from a significant change in the interest landscape (e.g. if the reference rate (EURIBOR) turns negative) or if there are changes in the default risk of the counterparty to the derivative. Any ineffectiveness with regard to this EUR interest rate swap was negligible in 2023/24.

Nominal currency	Nominal value in 1,000 local currency 30 April 2024	Fair value in TEUR 2023/24	Fair value in TEUR 2022/23
		2023/24	2022/23
EUR	5,000	42	0
Positive market values of hedging instrument (hedge accounting)		42	0
CHF	11,228	(3,805)	(4,274)
Negative market values of hedging instrument (hedge accounting)		(3,805)	(4,274)

As in the previous year, the nominal amount of the EUR-CHF cross currency swap was amortised by TCHF 2,000 with recognition through profit or loss at the historical exchange rate of 1.4364 (TEUR 1,392).

The financial liabilities reported as fixed interest represent loans from public sources and lease liabilities as defined in IFRS 16.

>> Outstanding interest rate risk

The following table shows the classification of interest-bearing financial instruments according to fixed and variable interest rates:

in TEUR	30 April 2024	30 April 2023
Borrowings	(47,611)	(52,808)
Fixed rate instruments	(47,611)	(52,808)
Financial assets	9,696	7,419
Liquid funds	60,375	58,918
Borrowings	(91,339)	(94,666)
Variable rate instruments	(21,268)	(28,329)
Total	(68,879)	(81,137)

Rising interest rates – especially for the euro – can have a negative impact on financial results and increase the Group's average interest rate.

>> Sensitivity analysis

For variable interest instruments, a change of 100 basis points in the interest rate over a period of one year would result in a change of TEUR 39 (2022/23: TEUR 171) in interest income or interest expense on the income statement. Since fixed-interest financial liabilities are carried at amortised cost, a change in the interest rate would not result in any valuation effects on the income statement or equity.

For the interest rate hedge, a change of 100 basis points in the interest rate over a period of one year would lead to a contrary valuation effect of TEUR 44.

Foreign exchange risk

Foreign exchange risk represents the risk that changes in exchange rates can lead to fluctuations in the value of financial instruments. This risk occurs when business transactions are carried out in a different currency than the functional (local) currency of the involved company.

The foreign exchange hedges had a remaining term of less than one year as of the balance sheet date. The Zumtobel Group generally uses forward exchange contracts with a term of up to one year, but options are also used in selected cases. Translation risks are not hedged.

The Group's main currencies are the EUR, USD, CHF, GBP, AUD, NOK and SEK.

Foreign exchange exposure is determined on the basis of general forecast assumptions and not on the basis of specific contracts and, for this reason, the requirements for hedge accounting are usually not met.

>> Sensitivity analysis

The following information describes the sensitivity of a change in the EUR exchange rate versus other currencies from the Group's point of view. The calculations cover all financial instruments reported on the balance sheet as of 30 April 2024 (including internal financial instruments).

Financial instruments denominated in the relevant functional currency of subsidiaries that are not located in the euro zone do not represent a risk and are therefore not included in this sensitivity analysis.

A 10% increase or decrease in the value of the euro versus the respective foreign currency as of 30 April 2024 would have had the following effect on profit after tax and equity based on the most important currency pairs. All other variables (above all interest rates) were held constant for the analysis. The effects on equity are related to long-term Group loans. Group loans in USD and RSD were repaid or converted into equity during the reporting year.

in TEUR	EUR decrease of 10%		EUR increase of 10%	
	Profit or loss	Equity	Profit or loss	Equity
EUR – GBP	(950)	(5,171)	950	5,171
EUR – USD	524	(93)	(524)	93
EUR – RSD	1,299	0	(1,299)	0
EUR – AUD	1,263	(365)	(1,263)	365
EUR – CHF	449	0	(449)	0
EUR – HKD	79	0	(79)	0

The following table shows the effects on derivatives of an exchange rate change of +/- 10%.

in TEUR	Fair value	EUR decrease of 10%	EUR increase of 10%
EUR – USD	1,009	3,820	(3,472)
EUR – CHF	1,631	(4,178)	3,799
EUR – GBP	3	(349)	317
EUR – AUD	0	0	0

Raw material price risk

The most important raw materials used by the Zumtobel Group are aluminium, steel, plastic granulate and energy. Fixed-term supply contracts are concluded wherever possible to minimise the risks arising from unexpected price fluctuations.

The energy price crisis and climate crisis have not had any material effects on market risk for the Zumtobel Group because energy intensity is low compared with other industrial sectors. Moreover, the Group is working to gradually increase the share of ecological energy through the use of photovoltaic equipment in production.

2.6.12 Segment Reporting

2.6.12.1 Operating segments

The Zumtobel Group has two operating segments which form the basis for corporate management: the Lighting Segment and the Components Segment. Each segment has its own global product portfolio, sales and production organisation. In the Lighting Segment, the company is one of the European market leaders with its Thorn and Zumtobel brands. The components brand Tridonic forms the basis for the Group's leading role in the production of hardware and software for lighting systems (LED light sources, LED drivers, sensors and lighting systems management).

The focus of both segments, the Lighting Segment and the Components Segment, is clearly based on applications. The Indoor Division includes applications for industry (incl. logistics, halls and car parks), offices, education and health (incl. hospitals, schools and universities) as well as the retail trade, supermarkets, art & culture and exhibition areas (incl. gastronomy). The Outdoor Division addresses applications for roads, tunnels, sport facilities and exterior lighting for public areas, including facade lighting. The Service Division bundles all project and software-oriented services under a single roof. This application-based orientation determines the form of the product portfolio and carries over into the sales organisation.

Segment reporting is principally based on the same presentation, accounting and valuation methods used to prepare the consolidated financial statements. In accordance with the management approach prescribed by IFRS 8 "Operating Segments", adjusted operating profit (EBIT) – a key indicator used for internal reporting – is included as part of the segment data. The disclosures on segment assets are therefore limited to the segment inventories which are reported regularly to management.

The column "Reconciliation" comprises assets and the related income statement items that could not be allocated to either segment as well as property, plant and equipment, financial liabilities and taxes that involve both segments.

The results from equity-accounted companies include TEUR 0 (2022/23:TEUR -4,252) for the Lighting Segment. The remaining financial results and taxes are not allocated to a specific segment.

Depreciation for the reporting year includes TEUR -42 of impairment losses (2022/23:TEUR -50) which are allocated in full (TEUR -42; 2022/23:TEUR -50) to the Components Segment. The elimination of inter-segment revenues is included in the reconciliation column.

in TEUR	Lighting Segment		Components Segment		Reconciliation		Group	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
Net revenues	889,340	903,097	299,433	367,263	(61,798)	(61,160)	1,126,975	1,209,200
External revenues	888,524	902,126	238,451	307,074	0	0	1,126,975	1,209,200
Inter-company revenues	816	971	60,982	60,189	(61,798)	(61,160)	0	0
Adjusted Gross profit	342,878	339,179	53,945	77,203	6,454	3,796	403,277	420,178
Adjusted EBIT¹	69,165	72,868	6,934	29,059	(18,844)	(17,668)	57,255	84,259
Special effects	(2,170)	0	(5,617)	0	0	0	(7,787)	0
Operating profit	66,995	72,868	1,317	29,059	(18,844)	(17,668)	49,468	84,259
Investments	36,600	30,781	11,150	16,244	3,097	7,459	50,847	54,484
Adjusted Depreciation¹	(38,555)	(37,807)	(13,656)	(13,201)	(4,178)	(4,314)	(56,388)	(55,322)

¹ adjusted for special effects (see note 2.6.4.2)

Revenues with individual external customers amount to less than 10% of total revenues in all cases.

	Lighting Segment		Components Segment		Reconciliation		Group	
	30 April 2024	30 April 2023	30 April 2024	30 April 2023	30 April 2024	30 April 2023	30 April 2024	30 April 2023
Headcount (full-time equivalent)	3,602	3,657	1,586	1,687	162	159	5,350	5,503

The above headcount includes 86 (2022/23: 101) contract workers employed by the Zumtobel Group.

The reconciliation column comprises the following:

in TEUR	2023/24	2022/23
Group parent companies	(19,017)	(17,474)
Group entries	173	(194)
Operating profit	(18,844)	(17,668)

The classification of inventories by segment is as follows:

in TEUR	Lighting Segment		Components Segment		Reconciliation		Group	
	30 April 2024	30 April 2023	30 April 2024	30 April 2023	30 April 2024	30 April 2023	30 April 2024	30 April 2023
Raw materials	42,655	44,274	48,488	53,266	0	0	91,142	97,540
Work in process	540	736	1,272	1,654	0	0	1,812	2,391
Semi-finished goods	8,929	8,952	374	353	0	0	9,303	9,304
Merchandise	21,931	22,280	9,480	7,915	0	0	31,411	30,195
Finished goods	51,910	54,028	41,693	45,129	(477)	(649)	93,126	98,508
Impairment loss	(21,247)	(21,632)	(25,186)	(21,892)	0	0	(46,432)	(43,524)
Inventories	104,718	108,639	76,121	86,424	(477)	(649)	180,362	194,414

2.6.12.2 Regional segments

The classification of business activities by region is based on the following: D/A/CH, Northern and Western Europe, Southern and Eastern Europe, Asia & Pacific and Rest of the World:

in TEUR	2023/24	2022/23
D/A/CH	403,390	409,108
thereof Austria	100,395	99,544
Northern and Western Europe	264,925	291,496
Southern and Eastern Europe	298,614	326,663
Asia & Pacific	95,118	112,267
Americas & MEA	64,928	69,666
Total	1,126,975	1,209,200

2.6.13 Contingent Liabilities and Guarantees

The Zumtobel Group has issued bank guarantees totalling TEUR 14,521 (30 April 2023: TEUR 14,735) or various liabilities.

2.6.14 Subsequent events

No material events occurred after the balance sheet date on 30 April 2024.

2.6.15 Related Party Transactions

Closely related persons are persons in key positions at Zumtobel Group AG (active members of the Management Board and Supervisory Board of Zumtobel Group AG) and their close family members. Revenues of TEUR 1 were generated from the sale of goods to members of management in key positions during the reporting year (2022/23: TEUR 1). The members of the Management Board received long-term variable remuneration (LTI) of TEUR 1,059 in 2023/24 (2022/23: TEUR 914). Remuneration of TEUR 660 (2022/23: TEUR 660) was paid to the members of the Supervisory Board. No loans or advances were granted to management in key positions. The members of management in key positions take on functions in other companies which allow them to exercise control or significant influence over the respective company's financial and business policies. Transactions with these companies amounted to TEUR 998 in 2023/24 (2022/23: TEUR 39) and generated revenues of TEUR 2 (2022/23: TEUR 104). Transactions with unconsolidated companies generated revenues of TEUR 331 (2022/23: TEUR 797). Moreover, the Zumtobel Group holds receivables of TEUR 158 (2022/23: TEUR 300) due from unconsolidated companies. There were no transactions with owners during the 2023/24 financial year.

The Group has concluded supply and delivery agreements with associated companies which reflect third party conditions. Revenues from the sale of materials and services to associated companies totalled TEUR 365 in 2023/24 (2022/23: TEUR 1,047) and the expenses for products purchased from associated companies equalled TEUR 2,442 (2022/23: TEUR 1,885). Trade receivables due from associated companies amounted to TEUR 51 as of 30 April 2024 (2022/23: TEUR 35) and trade payables equalled TEUR 62 (2022/23: TEUR 9). No trade receivables due from associated companies were derecognised because of failed collection or classified as uncollectible during the reporting year. No loans were granted to associated companies in the reporting year or previous year.

No financial liabilities were due to associated companies as of 30 April 2024 or 30 April 2023.

Remuneration for the corporate bodies of Zumtobel Group AG

in TEUR	2023/24	2022/23
Total remuneration for the Management Board	4,029	3,730
thereof fixed component	2,064	1,814
thereof short-term variable component	906	1,002
thereof long-term variable component	1,059	914
in TEUR	2023/24	2022/23
Alfred Felder (as of 1 April 2016)	1,479	1,580
thereof fixed component	700	700
thereof short-term variable component	359	460
thereof long-term variable component	420	420
Bernhard Motzko (as of 1 February 2018)	910	960
thereof fixed component	520	520
thereof short-term variable component	180	230
thereof long-term variable component	210	210
Thomas Erath (as of 1 August 2021)	689	681
thereof fixed component	394	369
thereof short-term variable component	136	163
thereof long-term variable component	159	149
Marcus Frantz (as of 1 November 2022)	951	508
thereof fixed component	450	225
thereof short-term variable component	231	148
thereof long-term variable component	270	135

As a contractual fringe benefit, each member of the Management Board is entitled to participate in the collective insurance policy for work-related accidents that was concluded for these persons. The company can cover verified costs for general health insurance for the Management Board member and his family. Each Management Board member is also provided with a company car (upper middle-class) based on the respective regulation issued by Zumtobel Group AG, which can also be used for private purposes. The members of the Management Board and all other corporate bodies are covered by criminal law insurance and D&O insurance concluded by the company, which carries the related premiums.

The remuneration received by the Supervisory Board of Zumtobel Group AG is shown in the following table:

in TEUR	2023/24	2022/23
Total Supervisory Board remuneration	660	660
thereof fixed remuneration	420	420
thereof variable remuneration	240	240

2.6.16 Information on Employees and Corporate Bodies

2.6.16.1 Personnel structure

	30 April 2024		30 April 2023	
	Average	Balance sheet date	Average	Balance sheet date
Production	2,629	2,562	2,836	2,725
R&D	528	532	535	533
Sales	1,667	1,683	1,687	1,671
Administration	482	487	465	473
Miscellaneous	72	86	167	101
Total	5,378	5,350	5,691	5,503

The above number of employees also includes the contract workers employed by the Zumtobel Group.

2.6.16.2 Corporate bodies

The following persons served as members of the Supervisory Board in 2023/24:

Name	Function	Initially appointed/ delegated in	Term ends in	Service time to date
Karin Zumtobel-Chammah	Chairwoman	2019	2026	5 years
Georg Pachta-Reyhofen	1st Vice-Chairman	2020	2024	4 years
Volkhard Hofmann	2nd Vice-Chairman	2017	2025	7 years
Christian Beer	Member	2020	2025	4 years
Eva Kienle	Member	2019	2026	5 years
Thorsten Staake	Member	2020	2024	4 years
Dietmar Dünser	Delegated by the Employees' Council	2015		9 years
Richard Apnar	Delegated by the Employees' Council	2012		12 years
Isabel Kreilhuber	Delegated by the Employees' Council	2021		3 years

The following persons served as members of the Management Board in 2023/24:

Name	Function	Initially appointed on	Term ends in	Service time to date
Alfred Felder	CEO (Chief Executive Officer)	1 April 2016	31 July 2025	8 years
Bernard Motzko	COO (Chief Operating Officer)	1 February 2018	30 September 2026	6 years
Thomas Erath	CFO (Chief Financial Officer)	1 August 2021	30 September 2027	3 years
Marcus Frantz	CDTO (Chief Digital Transformation Officer)	1 November 2022	31 October 2025	2 years

2.7 Scope of Consolidation

No.	Total	Country	Share in %	Consolidation		
				Method	Balance sheet date	Currency
1	ZG Operations Australia Pty. Ltd.	Australia	100	full	30 April	AUD
2	Tridonic Australia Pty. Ltd.	Australia	100	full	30 April	AUD
3	Tridonic Oceania Holding Pty. Ltd.	Australia	100	full	30 April	AUD
4	ZG Lighting Australia Pty Ltd	Australia	100	full	30 April	AUD
5	LEDON Lighting GmbH	Austria	100	full	30 April	EUR
6	Tridonic Jennersdorf GmbH	Austria	100	full	30 April	EUR
7	Tridonic GmbH	Austria	100	full	30 April	EUR
8	Tridonic GmbH & Co KG	Austria	100	full	30 April	EUR
9	Tridonic Holding GmbH	Austria	100	full	30 April	EUR
10	Zumtobel Group AG	Austria	100	full	30 April	EUR
11	Zumtobel Holding GmbH	Austria	100	full	30 April	EUR
12	Zumtobel Insurance Management GmbH	Austria	100	full	30 April	EUR
13	Zumtobel LED GmbH	Austria	100	full	30 April	EUR
14	RFZ Holding GmbH	Austria	100	full	30 April	EUR
15	ZG Lighting Austria GmbH	Austria	100	full	30 April	EUR
16	Zumtobel Lighting GmbH	Austria	100	full	30 April	EUR
17	Zumtobel Pool GmbH	Austria	100	full	30 April	EUR
18	ZG Lighting Benelux SA	Belgium	100	full	30 April	EUR
19	ZG ILUMINACION LATAM LIMITADA	Chile	100	full	30 April	CLP
20	Thorn Lighting (Guangzhou) Ltd.	China	100	full	31 December	CNY
21	ZG Lighting Hong Kong Limited	Hong Kong	100	full	30 April	HKD
22	Tridonic (Shanghai) Co. Ltd.	China	100	full	31 December	CNY
23	TridonicAtco (Shenzhen) Co. Ltd.	China	100	full	31 December	CNY
24	TridonicAtco Hong Kong Ltd.	Hong Kong	100	full	30 April	HKD
25	ZG Lighting d.o.o.	Croatia	100	full	30 April	EUR
26	ZG Lighting Czech Republic, s r.o.	Czech Republic	100	full	30 April	CZK
27	ZG Lighting Denmark A/S	Denmark	100	full	30 April	DKK
28	Thorn Lighting OY	Finland	100	full	30 April	EUR
29	ZG Lighting France SAS	France	100	full	30 April	EUR
30	Tridonic France Sarl	France	100	full	30 April	EUR
31	ZG Europhane SAS	France	100	full	30 April	EUR
32	Reiss Lighting GmbH	Germany	100	full	30 April	EUR
33	Tridonic Deutschland GmbH	Germany	100	full	30 April	EUR
34	Zumtobel Holding GmbH	Germany	100	full	30 April	EUR
35	Zumtobel Group Deutschland GmbH	Germany	100	full	30 April	EUR
36	Zumtobel Lighting GmbH	Germany	100	full	30 April	EUR
37	Rewath Ltd.	Great Britain	100	full	30 April	GBP
38	Thorn Lighting Group	Great Britain	100	full	30 April	GBP
39	Thorn Lighting Holdings Ltd.	Great Britain	100	full	30 April	GBP
40	Thorn Lighting International Ltd.	Great Britain	100	full	30 April	GBP
41	Thorn Lighting Ltd.	Great Britain	100	full	30 April	GBP
42	Tridonic UK Ltd.	Great Britain	100	full	30 April	GBP
43	Wengen-One Ltd.	Great Britain	100	full	30 April	GBP
44	Wengen-Two Ltd.	Great Britain	100	full	30 April	GBP
45	Wengen-Three Ltd.	Great Britain	100	full	30 April	GBP
46	Wengen-Four Ltd.	Great Britain	100	full	30 April	GBP
47	Wengen-Five Ltd.	Great Britain	100	full	30 April	GBP
48	ZG Lighting (UK) Limited	Great Britain	100	full	30 April	GBP

49	ZG Lighting Hungary Kft.	Hungary	100	full	30 April	HUF
50	Thorn Lighting India Private Limited	India	100	full	30 April	INR
51	ZG Lighting (Ireland) Ltd.	Ireland	100	full	30 April	EUR
52	Tridonic Italia SRL	Italy	100	full	30 April	EUR
53	ZG Lighting Srl socio unico	Italy	100	full	30 April	EUR
54	Tridonic (Malaysia) Sdn, Bhd.	Malaysia	100	full	30 April	MYR
55	ZG Lighting Netherlands B.V.	The Netherlands	100	full	30 April	EUR
56	Thorn Lighting Asian Holdings BV	The Netherlands	100	full	30 April	EUR
57	ZG Lighting (N.Z.) Limited	New Zealand	100	full	30 April	NZD
58	ZG Lighting Norway AS	Norway	100	full	30 April	NOK
59	ZG Lighting Polska sp.z o.o.	Poland	100	full	30 April	PLN
60	Europhane Portugal LDA	Portugal	100	full	31 March	EUR
61	Tridonic Portugal Unipessoal LDA	Portugal	100	full	30 April	EUR
62	ZG Lighting Trading LLC	Qatar	49	full	30 April	QAR
63	Zumtobel Lighting Romania SRL	Romania	100	full	30 April	RON
64	ZG Lighting Russia	Russia	100	full	31 December	RUB
65	ZG Lighting Singapore Pte Limited	Singapore	100	full	30 April	SGD
66	Tridonic (S.E.A.) Pte Ltd.	Singapore	100	full	30 April	SGD
67	ZG Lighting Slovakia s.r.o.	Slovakia	100	full	30 April	EUR
68	ZG Lighting d.o.o.	Slovenia	100	full	30 April	EUR
69	ZG Lighting SRB d.o.o.	Serbia	100	full	30 April	RSD
70	Tridonic SRB d.o.o.	Serbia	100	full	30 April	RSD
71	Tridonic SA (Proprietary) Limited	South Africa	100	full	30 April	ZAR
72	TRIDONIC Korea LLC	South Korea	100	full	30 April	WON
73	ZG Lighting Iberia S.L.	Spain	100	full	30 April	EUR
74	Tridonic Iberia SL	Spain	100	full	30 April	EUR
75	ZG Lighting Nordic AB	Sweden	100	full	30 April	SEK
76	TLG Sweden Holdings AB	Sweden	100	full	30 April	SEK
77	Tridonic AG	Switzerland	100	full	30 April	CHF
78	Zumtobel Licht AG	Switzerland	100	full	30 April	CHF
79	Inventron AG	Switzerland	48	equity	30 April	CHF
80	ZG Lighting (Thailand) Ltd	Thailand	100	full	30 April	THB
81	Tridonic Aydinlatma Ticaret Limited Sirketi	Turkey	100	full	30 April	TRY
82	Thorn Gulf LCC	UAE	49	full	31 December	AED
83	Tridonic (ME) FZE	UAE	100	full	30 April	AED
84	Tridonic Inc., US	USA	100	full	30 April	USD
85	Lemgo Realty Corp.	USA	100	full	30 April	USD
86	Zumtobel Lighting Inc.	USA	100	full	30 April	USD

Consolidated Financial Statements

Zumtobel Group AG

1 May 2023 to 30 April 2024

The following companies were not included the scope of consolidation in 2023/24:

1	Atlas International Limited	Great Britain	30 April	GBP
2	Smart & Brown Limited	Great Britain	30 April	GBP
3	Oriole Emergency & Fire Protection Limited	Great Britain	30 April	GBP
4	Thorn Lighting Pension Trustees Limited	Great Britain	30 April	GBP
5	TLG Supplemental Pension Trustees Limited	Great Britain	30 April	GBP
6	TLG Limited	Great Britain	30 April	GBP
7	British Lighting Industries Limited	Great Britain	30 April	GBP
8	Thorn Lighting Overseas	Great Britain	30 April	GBP
9	ATCO Controls (India) Pvt. Lt.	India	31 March	INR

The following companies were merged/deconsolidated in 2023/24:

1	FURIAE Immobilien GmbH	Austria	100	full	30.April	EUR
2	Thorn Lighting Nordic AB	Sweden	100	full	30.April	SEK

2.8 Statement by the Management Board in accordance with § 124 (1) No. 3 of the Austrian Stock Exchange Act

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the group faces.

We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Dornbirn, 26 June 2024

The Management Board

Alfred Felder
Chief Executive Officer (CEO)

Thomas Erath
Chief Financial Officer (CFO)

Bernard Motzko
Chief Operating Officer (COO)

Marcus Frantz
Chief Digital Transformation Officer (CDTO)

We draw attention to the fact that the English translation of this auditor's report according to section 274 UGB (Austrian Company Code) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

Auditor's Report

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of Zumtobel Group AG, Dornbirn, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 30 April 2024, the separate consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the financial year then ended, and the notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as at 30 April 2024, and of its financial performance and cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs) and the additional regulations of section 245a Austrian Company Code.

Basis for Opinion

We conducted our audit in accordance with Regulation (EU) No. 537/2014 (hereinafter EU Regulation) and Austrian Generally Accepted Standards on Auditing. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with Austrian Generally Accepted Accounting Principles and professional requirements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of the auditor's report is sufficient and appropriate to provide a basis for our opinion by this date.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the financial year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have structured key audit matters as follows:

- >> Description**
- >> Audit approach and key observations**
- >> Reference to related disclosures**

1. Recoverability of goodwill allocated to the Lighting segment

>> Description

In the consolidated financial statements of Zumtobel Group AG, the item "Goodwill" in the consolidated balance sheet reports goodwill in the amount of EUR 193,783k, thus representing 20% of the Group's total assets. EUR 191,793k of this item mainly relates to Lighting goodwill which particularly results from the acquisition of the Thorn Lighting Group in the financial year 1999/2000. In order to determine a potential need for impairment, the Group tests goodwill for impairment each year at the reporting date or if there is any indication that an asset may be impaired.

The impairment test of Lighting goodwill is performed on the level of the Lighting segment to which goodwill is allocated as a cash-generating unit. In the course of the impairment test, the carrying amount of the cash-generating unit is compared with the respective recoverable amount. The recoverable amount is determined based on the value in use. Measurement is based on the present value of future cash flows of the cash-generating unit. The Group determines the present value by means of a discounted cash flow model. In doing so, expectations regarding the future market development, assumptions regarding the development of macroeconomic factors as well as the expected impact of possible increasing cost of raw materials, energy and transport on the business activities of affiliated companies are also taken into account. Discounting is made based on the weighted average capital costs of the cash-generating unit. The impairment test did not result in any need for impairment.

The result of this assessment substantially depends on estimates made by management with regard to the future cash flows of the Lighting segment, the discount rate used, the growth rate as well as further assumptions and is thus subject to material uncertainty, also given the impact of possible increases in cost of raw materials, energy and transport. Against this backdrop and given the complexity of the assessment, we considered this matter to be a key audit matter in the course of our audit.

>> Audit approach and key observations

In the course of our audit and by involving internal specialists, we verified – among others – the methodical approach in identifying indications for a need for impairment and in performing the impairment test. After reconciling the future cash flows used in the calculation with the medium-term planning approved for the Lighting segment, we evaluated the appropriateness of the calculation, in particular by comparing it with general and industry-specific market expectations. In this context, we also verified management's estimates regarding the impact of the raw materials crisis as well as the increase in cost of energy and transport on the business activities and verified its consideration in determining the future cash flows. Knowing that small changes in the discount rate used may already have a material impact on the amount of goodwill thus calculated, we thoroughly examined the parameters applied in the determination of the discount rate used and verified the calculation method. To take into account the existing forecast uncertainties, we verified the sensitivity analyses prepared by the Group. In doing so, we noted that, considering the information available, the carrying amounts of the cash-generating units were sufficiently covered by the discounted future cash flows.

Overall, the measurement parameters and assumptions used by management are in line with our expectations and are also within the acceptable ranges from our point of view.

>> Reference to related disclosures

The Company's disclosures on the impairment test are included in section 2.6.6.1 in the notes to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the management report for the Group and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs) and the additional regulations of section 245a Austrian Company Code, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation and with Austrian Generally Accepted Standards on Auditing, which require the application of ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation and with Austrian Generally Accepted Standards on Auditing, which require the application of ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- >> identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- >> obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- >> evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- >> conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- >> evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- >> obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with all relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, on measures taken to eliminate identified threats or on applied safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Comments on the Management Report for the Group

Pursuant to Austrian Generally Accepted Accounting Principles, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the management report for the Group was prepared in accordance with the applicable legal regulations. Regarding the consolidated non-financial statement contained in the management report for the Group, it is our responsibility to examine whether it has been prepared, to read it and to consider whether it is, based on our knowledge obtained in the audit, materially inconsistent with the consolidated financial statements or otherwise appears to be materially misstated.

Management is responsible for the preparation of the management report for the Group in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian standards on auditing for the audit of the management report for the Group.

Opinion

In our opinion, the management report for the Group was prepared in accordance with the applicable legal regulations, comprising the details in accordance with section 243a UGB, and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the obtained understanding concerning the Group and its circumstances no material misstatements in the management report for the Group came to our attention.

Additional Information in Accordance with Article 10 of the EU Regulation

We were elected as statutory auditor at the ordinary general meeting dated 29 July 2022. We were appointed by the Supervisory Board on 11 November 2022. We have audited the Company for an uninterrupted period since 2020/2021.

We confirm that the audit opinion in the "Report on the Consolidated Financial Statements" section is consistent with the additional report to the Audit Committee referred to in Article 11 of the EU Regulation.

We declare that no prohibited non-audit services (Article 5 para. 1 of the EU Regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

Responsible Engagement Partner

Responsible for the proper performance of the engagement is Peter Pessenlehner, Austrian Certified Public Accountant.

Vienna

26 June 2024

PwC Wirtschaftsprüfung GmbH

Mag. Peter Pessenlehner
Austrian Certified Public Accountant

This report is a translation of the original report in German, which is solely valid. Publication and sharing with third parties of the consolidated financial statements together with our auditor's report is only allowed if the consolidated financial statements and the management report for the Group are identical with the German audited version. This auditor's report is only applicable to the German and complete consolidated financial statements with the management report for the Group. For deviating versions, the provisions of section 281 para. 2 UGB apply.

We draw attention to the fact that the English translation of this statement is presented for the convenience of the reader only and that the German wording is the only legally binding version.

Independent limited assurance statement on the consolidated non-financial statement for the financial year 2023/2024

We have performed a limited assurance engagement of the consolidated non-financial statement for the financial year 2023/2024 of Zumtobel Group AG, Dornbirn, (the "Group") for the year ended 30 April 2024.

Management's responsibility

The Management is responsible for the preparation of the consolidated non-financial statement in accordance with the requirements of section 267a UGB (Austrian Company Code) and the "EU-Taxonomy" (EU-Regulation 2020/852) as well as the GRI Standards 2021. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation of the consolidated non-financial statement 2023/2024 that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a limited assurance conclusion based on our procedures performed and evidence obtained.

We performed our engagement in accordance with the professional standards applicable in Austria with regard to KFS/PG 13 "Other assurance engagements", KFS/PE 28 "Selected issues in connection with the assurance of non-financial statements and non-financial reports pursuant to sections 243b UGB and 267a UGB as well as sustainability reports" and the International Standards on Assurance Engagements (ISAE) 3000 (Revised) "Assurance engagements other than audits or reviews of historical financial information". These standards require that we comply with our ethical requirements, including rules on independence, and that we plan and perform our procedures by considering the principle of materiality to be able to express a limited assurance conclusion based on the assurance obtained. As provided under section 275 para. 2 UGB (liability provision regarding the audit of financial statements of small and medium-sized companies), our responsibility and liability towards the Company and any third parties arising from the assurance engagement are limited to a total of EUR 2 million.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The selection of the procedures lies in the sole discretion of the auditor and comprised the following:

- >> Critical assessment of the Group's analysis of materiality considering the concerns of external stakeholders
- >> Analysis of risks regarding the essential non-financial matters / disclosures
- >> Updating the overview of the policies pursued by the Group, including due diligence processes implemented as well as the processes used to ensure an accurate presentation in the consolidated non-financial statement
- >> Updating the understanding of reporting processes by interviewing the relevant employees and inspecting selected documentations
- >> Evaluating the reported disclosures by performing analytical procedures regarding non-financial performance indicators, interviewing relevant employees and inspecting selected documentations.
- >> Examining the consolidated non-financial statement regarding its completeness in accordance with the requirements of section 267a UGB and the "EU Taxonomy Regulation" (EU Regulation 2020/852) as well as the GRI Standards 2021
- >> Evaluating the overall presentation of the disclosures and non-financial information

The following is not part of our engagement:

- >> Examining the processes and internal controls particularly regarding their design, implementation and effectiveness
- >> Performing procedures at individual locations as well as measurements or individual evaluations to check the reliability and accuracy of data received
- >> Examining the prior-year figures, forward-looking information or data from external surveys
- >> Checking the correct transfer of data and references from the (consolidated) financial statements to the non-financial report; and
- >> Examining the information and disclosures on the website or further references on the internet

Neither an audit nor a review of financial statements is objective of our engagement. Furthermore, the disclosure and solution of criminal acts, as e.g. embezzlement or other kinds of fraud, and wrongful doings, nor the assessment of the effectiveness and profitability of the management are objectives of our engagement.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the consolidated non-financial statement 2023/2024 is not prepared, in all material aspects, in accordance with the requirements of section 267a UGB and the "EU Taxonomy Regulation" (EU Regulation 2020/852) as well as the GRI Standards 2021.

Wien
26. Juni 2024

PwC Wirtschaftsprüfung GmbH

Peter Pessenlehner
Austrian Certified Public Accountant

Consolidated Financial Statements

Zumtobel Group AG

1 May 2023 to 30 April 2024

3. Corporate Governance



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3. Consolidated Corporate Governance Report 2023/24

The management of the Zumtobel Group sees the basis for lasting economic success in responsible business activities that are focused on the sustainable, long-term creation of added value and transparent corporate governance. The Austrian Code of Corporate Governance (ACCG) is designed to ensure a high degree of transparency for all stakeholders and serve as an important orientation guide for investors. The code defines a regulatory framework for the management and monitoring of Austrian stock corporations. Its foundation is formed by Austrian stock corporation, stock exchange, and capital market law. This framework is based on EU recommendations for the responsibilities of supervisory board members and the remuneration of directors as well as the principles set forth in the OECD guidelines for corporate governance.

3.1 Commitment to the Austrian Code of Corporate Governance

As a listed international company, the Zumtobel Group is committed, without limitation, to compliance with the guidelines defined by the Austrian Code of Corporate Governance (ACCG) in the version issued in January 2023. The version applicable to the 2023/24 financial year is available for review and download on the website corporate-governance.at. This commitment represents a voluntary obligation of the Zumtobel Group which is intended to strengthen the confidence of shareholders and to support the continuous optimisation of internal legal, conduct and ethics standards.

3.1.1 Comply or Explain

The Zumtobel Group met all rules of the ACCG in full during the 2023/24 financial year.

3.1.2 External evaluation of the consolidated corporate governance report

In accordance with C-Rule 62 of the ACCG, the company arranges for an external evaluation of compliance with the code regulations on a regular basis, i.e. at least every three years. Zumtobel Group AG commissioned PwC Wirtschaftsprüfung GmbH, Vienna, to evaluate the corporate governance report for 2022/23, with the exception of Rules 77 to 83. Compliance with Rules 77 to 83 was evaluated by Schönherr Rechtsanwälte GmbH, Vienna.

The results of the evaluations confirmed that the Zumtobel Group complied with all rules defined by the Austrian Code of Corporate Governance in the version issued in January 2023. The report on the independent evaluation and the corporate governance report are available to the general public on the Zumtobel Group's website under <https://z.lighting>.

3.1.3 Compliance management at Zumtobel Group AG

Compliance is a central element of good corporate management and a basic requirement for a company's sustainable success. The compliance management system in the Zumtobel Group is the subject of continuous development to protect the ability to meet current and future responsibilities. The related activities are carried out in close cooperation between corporate audit & compliance, the legal department, risk management, the human resources department and corporate IT. The senior director of corporate audit & compliance reports on current compliance issues as well as planning and progress on the development and expansion of the compliance management system at the scheduled meetings of the Audit Committee. Regular one-on-one meetings are also held with the chairman of the Audit Committee. The compliance

management system used by Zumtobel Group AG is described in the non-financial statement which is part of the management report.

Data protection

The Zumtobel Group takes the protection of personal data very seriously. In addition to the implementation of various technical and organisational measures for the protection of our data, the Zumtobel Group is also required to comply with the latest measures defined by the EU's General Data Protection Regulation (GDPR; "Datenschutz-Grundverordnung").

National law contains more stringent rules than the above-mentioned General Data Protection Regulation (GDPR). Consequently, the Group not only complies with the GDPR, but also with all relevant local laws. The Zumtobel Group works continuously to maintain conformity with the GDPR, and the related documents and processes are supplemented and revised as required. The Zumtobel Group's corporate functions contribute to the principal issues and prepare drafts for other legal entities to coordinate their data documentation. The functional leads defined in the data protection agreement are in charge of corporate issues, while the individual legal entities are responsible for the technical and organisational implementation of measures.

Cybersecurity

Cybersecurity incidents are on the rise in countries throughout the world. Consequently, the Zumtobel Group must expect not only thousands of daily malware and spam attacks as well as complex and professional cyberattacks at any time. A strong cyber security strategy is required to adequately address these threats.

The Zumtobel Group's security concept is based prevention, protection, identification and reaction.

- >>** The chief information security officer (CISO) and his team, which were installed during the 2023/24 financial year, are responsible for the further development and protection of information security in the Zumtobel Group.
- >>** The Zumtobel Group also relies on good practice standards for the development of its data and cybersecurity strategy, e.g. ISO 27001. That allows us to react even stronger to customer requirements.
- >>** Legal and regulatory requirements are integrated in the strategy, e.g. the EU NIS-2 Directive or the EU Cyber Resilience Act.
- >>** The goal is to achieve and maintain a coordinated information security and data protection management system.
- >>** Our users receive regular training on cybersecurity.
- >>** IT process and procedures are regularly reviewed and upgraded.
- >>** The new information security team and the CISO work closely with management, the security engineers, compliance managers, our external cybersecurity partners and all other organisational units that are involved in cybersecurity issues.

3.1.4 Shareholders and the annual general meeting

Shareholders protect their interests and exercise their voting rights at the annual general meeting. The shares of Zumtobel Group AG are issued in accordance with the "one share - one vote" principle.

The annual general meeting is announced at least 28 days in advance and is held at the headquarters of the company, in Vienna or in another Austrian provincial capital. The information required by Austrian Stock Corporation Act is published on the company's registered website at the latest 21 days prior to the annual general meeting.

The shares issued by Zumtobel Group AG are bearer shares. Therefore, information on the shareholder structure can only be compiled when shareholders deposit their shares prior to an annual general meeting or when Zumtobel Group AG collects information on these shareholdings. The available information on the shareholder structure is provided in the section "The Zumtobel Group AG share".

The Zumtobel Group places high priority on a comprehensive, timely information policy that is based on equal treatment for all shareholders. In addition to meeting all legal requirements (e.g. the annual financial report, half-year report, interim reports and ad-hoc announcements), information on the latest company developments is provided through press releases, telephone conferences and investor events. All reports, announcements and key presentations are published on the Zumtobel Group website under <https://z.lighting>. A detailed financial calendar and other share-related information can be found on this website under the menu point "Investor Relations".

3.1.5 The corporate bodies of Zumtobel Group AG

The Management Board, the Supervisory Board, and the annual general meeting form the corporate bodies of Zumtobel Group AG. These three independent corporate bodies met their obligations with the greatest diligence during the 2023/24 financial year in accordance with the relevant legal regulations, the articles of association, and the rules of procedure for the Management and Supervisory Boards.

3.2 The Management Board

3.2.1 Composition of the Management Board of Zumtobel Group AG as of 30 April 2024

The members of the Management Board are appointed by the Supervisory Board for a maximal term of five years, whereby reappointment is permitted. The following persons served as members of the Management Board of Zumtobel Group AG in 2023/24.



Alfred Felder
Chief Executive Officer (CEO)
Born in: 1963
Nationality: Italy
Initially appointed in: 2016
End of current term: 2025



Thomas Erath
Chief Financial Officer (CFO)
Born in: 1971
Nationality: Austria
Initially appointed in: 2021
End of current term: 2027

Alfred Felder has been a member of the Management Board since 2016 and CEO of the Zumtobel Group since 2018. He has extensive, international professional and management experience. Er studied electrical engineering at the Vienna University of Technology, where he also received his doctorate.

Strategic and profit-oriented management for the entire Group and, above all, for the following areas:

- >> Corporate strategy, M&A
- >> Business divisions
- >> Sales
- >> Marketing & corporate communications, product marketing
- >> Human resources
- >> Technology & development
- >> Group sustainability

Supervisory board positions in other domestic and foreign (listed) companies:

None

Thomas Erath has served as CFO of Zumtobel Group AG since 1 August 2021. Prior to joining the Zumtobel Group, he studied business management at the Vienna University of Economics and Business and worked for a leading international accounting firm.

Strategic and profit-oriented management for the entire Group and, above all, for the following areas:

- >> Accounting & taxes, finance & controlling
- >> Treasury
- >> Risk management
- >> Compliance and internal audit
- >> Insurance
- >> Facility management
- >> Legal
- >> Investor relations

Supervisory board positions in other domestic and foreign (listed) companies:

None



Bernard Motzko

Chief Operating Officer (COO)

Born in: 1962

Nationality: Germany

Initially appointed in: 2018

End of current term: 2026

Bernard Motzko was appointed to the Management Board of the Zumtobel Group as Chief Operating Officer (COO) on 1 February 2018. He studied mechanical engineering and business management at Paderborn University, where he received his doctorate.

Strategic and profit-oriented management for the entire Group and, above all, for the following areas:

- >> Plants (operations)
- >> Supply chain & logistics
- >> Quality
- >> Procurement

Supervisory board positions in other domestic and foreign (listed) companies:

- Schwing & Hasse Elektrodraht GmbH, member of the advisory board
- Warespace GmbH & Co. KG, member of the advisory board



Marcus Frantz

Chief Digital Transformation Officer (CDTO)

Born in: 1964

Nationality: Germany

Initially appointed in: 2022

End of current term: 2025

Marcus Frantz has served as Chief Digital Transformation Officer (CDTO) of the Zumtobel Group since 1 November 2022 where he is responsible for IT & digitalisation. He studied economics and management at the Universities of Constance and Trier.

Strategic and profit-oriented management for the entire Group and, above all, for the following areas:

- >> Business processes & digital transformation
- >> IT
- >> Information security & data protection
- >> Information & data management

Supervisory board positions in other domestic and foreign (listed) companies:

None

3.2.2 Working procedures of the Management Board

The members of the Management Board carry joint responsibility for the direction of the company and exchange information on all important operations and transactions. The full Management Board takes decisions on matters of fundamental nature or importance which are assigned to this corporate body by legal regulations, the articles of association and the rules of procedure defined by the Supervisory Board. The Management Board defines the company's goals and basic strategic orientation as well as the corporate policies and organisation.

Resolutions by the Management Board are generally adopted in meetings which are held twice each month. The board members also meet regularly outside these meetings to discuss developments on the markets and in the company's broader environment as well as important issues involving the company and upcoming decisions and subsequently prepare the necessary actions. In addition, there is a continuous exchange of information on relevant activities and events with the responsible managers.

The Management Board reports regularly to the Supervisory Board. Information on the development of the Zumtobel Group is provided at least four times each year at the Supervisory Board meetings. The CEO also informs the chairwoman and the full Supervisory Board of important events between these meetings. The Management Board submits regular reports to the Supervisory Board which cover major business developments as well as quarterly financial reporting.

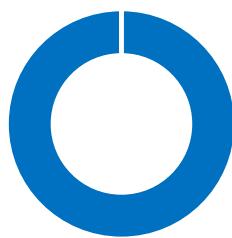
3.3 The Supervisory Board – Experienced, Diverse, Independent

The Supervisory Board of Zumtobel Group AG consists of nine members – six shareholder representatives elected by the annual general meeting and three members delegated by the Employees' Council for an unlimited period. The Supervisory Board and Management Board follow a policy of open and transparent communication with all stakeholders. The Supervisory Board has established committees to effectively carry out its advising and control functions in the following areas: Audit Committee, Strategy Committee, Committee for Board Matters and Digitalisation Committee. The Austrian Labour Constitutional Act entitles the employee representatives to delegate one member to the Supervisory Board and its committees for every two members (shareholder representatives) elected by the annual general meeting.

Overview – Corporate Governance

Our commitment to international governance standards:

Independence¹



100% independent

Age structure



~45% > 60 years
~22% < 50 years
~33% 50 – 60 years

¹ In the sense of the Austrian Code of Corporate Governance (Rule 53)

Nationality



25% international
75% Austria

Diversity



33% female
67% male

3.3.1 Composition of the Supervisory Board

As of 30 April 2024, the Supervisory Board of Zumtobel Group AG had six shareholder representatives elected by the annual general meeting and three members delegated by the Employees' Council. The legally required 30% quota for women on supervisory boards which was introduced in 2018 is, therefore, met. The annual general meeting on 28 July 2023 elected Karin Zumtobel-Chammah and Eva Kienle to the Supervisory Board for a further three years. There were no changes among the employee representatives during the reporting year.

Supervisory Board | Shareholder Representatives



Karin Zumtobel-Chammah

Born in: 1963

Independent

Function:
Chairwoman

Term of office:
Initially appointed: 26 July 2019,
appointed to AGM 2026

Nationality:
Austria

Education:
Business management

Supervisory board positions in other domestic and foreign (listed) companies:
None



Georg Pachta-Reyhofen

Born in: 1955

Independent

Function:
First Vice-Chairman

Term of office:
Initially appointed: 18 May 2020,
appointed to AGM 2024

Nationality:
Austria

Education:
Engineering

Supervisory board positions in other domestic and foreign (listed) companies:
- SAG Motion GmbH, member of the supervisory board, until Dec. 2023
- Benteler International AG, member of the supervisory board
- SJP Holding GmbH, member of the supervisory board, as of Oct. 2023



Volkhard Hofmann

Born in: 1952

Independent

Function:
Second Vice-Chairman

Term of office:
Initially appointed: 21 July 2017,
appointed to AGM 2025

Nationality:
Germany

Education:
Business management

Supervisory board positions in other domestic and foreign (listed) companies:
None



Eva Kienle

Born in: 1967

Independent

Function:
Member

Term of office:

Initially appointed: 26 July 2019,
appointed to AGM 2026

Nationality:
Germany

Education:
Business management

**Supervisory board positions in
other domestic and foreign
(listed) companies:**
- Schott Pharma AG & Co.
KGaA, member of the
supervisory board



Thorsten Staake

Born in: 1978

Independent

Function:
Member

Term of office:

Initially appointed: 18 May 2020,
appointed to AGM 2024

Nationality:
Germany

Education:
Information systems &
technology management

**Supervisory board positions in
other domestic and foreign
(listed) companies:**
- Hoval AG, member of the
administrative board
- BEN Energy AG, member of
the administrative board



Christian Beer

Born in: 1961

Independent

Function:
Member

Term of office:

Initially appointed: 24 July 2020,
appointed to AGM 2025

Nationality:
Austria

Education:
Engineering

**Supervisory board positions in
other domestic and foreign
(listed) companies:**
- pester pac automation GmbH,
member of the advisory board

Expertise and specialist knowledge

The members of the Supervisory Board, in total, are required to have the knowledge, skills and professional experience to correctly discharge the responsibilities of a supervisory board in a listed international company in the lighting industry. The individual supervisory board members are not expected to cover the full scope of necessary skills and experience.

The composition of the Supervisory Board, as a whole, includes persons with different, complementary technical profiles as well as the following special areas of competence which are considered important for the Zumtobel Group. In these areas, at least one Supervisory Board member should be available as a competent contact partner:

Competence area	Karin Zumtobel- Chammah	Georg Pachta- Reyhofen	Volkhard Hofmann	Eva Kienle	Thorsten Staake	Christian Beer
Management / leadership	×	×	×	×	×	×
Corporate development and organisation / M&A transactions	×	×	×	×	×	×
Finance and accounting	×	×	×	×		×
Compliance / corporate governance		×		×	×	×
Capital market	×	×		×	×	×
Branch experience	×	×	×		×	×
Sustainability (ESG)	×	×		×	×	×
Digitalisation / IT				×	×	×

Supervisory Board | Employee Representatives



Dietmar Dünser

Born in: 1966

Function:
Delegated by the Employees' Council

Term of office:
Initially appointed: 24 July 2015
End of current term: n/a

Nationality:
Austria

Education:
Telecommunications & electronics

Supervisory board positions in other domestic and foreign (listed) companies:
None



Richard Apnar

Born in: 1974

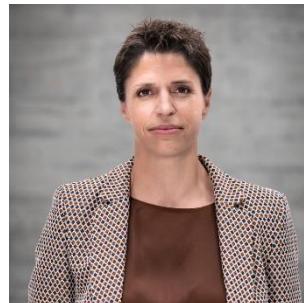
Function:
Delegated by the Employees' Council

Term of office:
Initially appointed: 26 June 2012
End of current term: n/a

Nationality:
Austria

Education:
Plastics technology

Supervisory board positions in other domestic and foreign (listed) companies:
None



Isabel Kreilhuber

Born in: 1977

Function:
Delegated by the Employees' Council

Term of office:
Initially appointed in 1. April 2021
End of current term: n/a

Nationality:
Austria

Education:
Business management

Supervisory board positions in other domestic and foreign (listed) companies:
None

3.3.2 Working procedures of the Supervisory Board

The Supervisory Board appoints the Management Board members and regularly advises and oversees the board on the direction and development of the Zumtobel Group. It is involved in decisions of fundamental importance for the company. This involvement is guaranteed by the definition of issues requiring the approval of the Supervisory Board and through voting on the strategic orientation of the company. The work of the Supervisory Board is regulated by rules of procedure. To specifically define the submission requirements of the Management Board, the Supervisory Board has prepared a catalogue of transactions and actions requiring its approval. This catalogue represents an integral part of the rules of procedure for the Supervisory and Management Boards.

The Supervisory Board met in six sessions during the 2023/24 financial year: four scheduled meetings, one unscheduled meeting and one constituent meeting. The central issue at these meetings involved the challenging macroeconomic environment and its effects on the Zumtobel Group's business field.

Other focal points at the Supervisory Board meetings in 2023/24 were:

- >> Evaluation and approval of the separate and consolidated financial statements as of 30 April 2023 which were submitted by the Management Board
- >> Proposed resolutions for the annual general meeting
- >> Recommendation for the distribution of profit in accordance with § 96 (1) of the Austrian Stock Corporation Act
- >> Remuneration report for the 2022/23 financial year
- >> Amendment of the distribution of responsibilities for the Management Board of Zumtobel Group AG
- >> Definition of targets for the variable remuneration components of the Management Board
- >> Assignment of the audit mandate to the auditor
- >> Elections of supervisory board members for direct subsidiaries
- >> Appointment of managing directors for subsidiaries
- >> Evaluation, discussion and approval of the budget for the 2024/25 financial year
- >> Share buyback for Zumtobel Group AG
- >> Approval of business relations with Supervisory Board member Christian Beer
- >> Efficiency and potential for improvement on the Supervisory Board and cooperation between the Supervisory and Management Boards
- >> Measures to reduce costs and capital employed as well as integration, restructuring and expansion projects
- >> Risk management and the internal control system
- >> Measures to fight corruption
- >> Sustainability focal points
- >> Strategic orientation of the Zumtobel Group over the coming years

Participation in the meetings of the Supervisory Board and its committees in 2023/24:

Participation in FY 2023/24	SB	AC	CMB	SC	DC
Shareholder representatives					
Karin Zumtobel-Chammah	6/6	5/5	5/5	2/2	-
Georg Pachta-Reyhofen	6/6	5/5	5/5	2/2	-
Volkhard Hofmann	6/6	5/5	5/5	2/2	2/2
Eva Kienle	5/6	5/5	-	-	2/2
Thorsten Staake	6/6	-	-	2/2	2/2
Christian Beer	6/6	-	5/5	-	2/2
Employee representatives					
Dietmar Dünser	6/6	5/5	-	2/2	-
Richard Apnar	6/6	-	-	-	2/2
Isabel Kreilhuber	6/6	5/5	-	2/2	2/2

Abbreviations: SB = Supervisory Board, AC = Audit Committee, CMB = Committee for Management Board Matters, SC = Strategy Committee, DC = Digitalisation Committee

3.3.3 Contracts with Supervisory Board members which require approval

The following contracts and business transactions between Zumtobel Lighting GmbH and individual Supervisory Board members required approval and were submitted to the Supervisory Board of Zumtobel Group AG during 2023/24 in accordance with the Austrian Stock Corporation Act and the Austrian Code of Corporate Governance (Rule 49):

A contract was concluded between Servus Intralogistics GmbH, Dornbirn, a company attributable to the economic ownership of Supervisory Board member Christian Beer, and Zumtobel Lighting GmbH and approved by the Supervisory Board on 22 April 2022. The object of the contract is the expansion of the existing "Servus Kleinteilelogistik-System" to connect with the system "Wareneingang & Produktionslogistik", for a total volume of TEUR 930.

In addition, maintenance costs of TEUR 68 were charged based on the existing contract between Zumtobel Lighting GmbH and Servus Intralogistics GmbH, Dornbirn, a company attributable to the economic ownership of Supervisory Board member Christian Beer.

Both business relationships are subject to standard market conditions.

3.3.4 Independence of the Supervisory Board members

All members of the Supervisory Board have declared their independence in the sense of these criteria, and C-Rule 53 is therefore met in full. The following Supervisory Board members have declared their independence and confirmed that they are neither shareholders nor representatives of shareholders with an investment of more than 10%: Volkhard Hofmann, Georg Pachta-Reyhofen, Thorsten Staake, Eva Kienle and Christian Beer. C-Rule 54 is therefore also met in full. The criteria for determining the independence of the Supervisory Board members are available for review on the Zumtobel Group's website at <https://z.lighting> under "Investor Relations/Corporate Governance & Compliance".

3.3.5 Measures to avoid conflicts of interest

The Supervisory Board members deal, at least once each year, with the provisions of the ACCG that are related to conflicts of interest. In addition, new members of the Supervisory Board are informed extensively of the need to avoid such conflicts when they join the board. The members of both the Management Board and the Supervisory Board are required to disclose any conflicts of interest. If a Supervisory Board member is involved in a conflict of interest, he/she must report this immediately to the chairwoman of the Supervisory Board. There were no conflicts of interest by a member of the Management Board or Supervisory Board in 2023/24 that would have required immediate disclosure to the Supervisory Board.

3.3.6 Evaluation of the Supervisory Board's activities

The Supervisory Board openly discussed the efficiency of its work, in particular its organisation and working procedures as well as cooperation between the Management Board and Supervisory Board, at its meeting on 28 June 2023. Specific recommendations were also made to improve efficiency.

3.3.7 Composition and working procedures of the committees

The Supervisory Board of Zumtobel Group AG has established four committees to support the efficient exercise of its responsibilities. These committees deal with specific issues and prepare resolutions for the full Supervisory Board:

Audit Committee

Members of the Audit Committee:

Name	Function
Eva Kienle	Chairwoman
Karin Zumtobel-Chammah	Vice-Chairwoman
Volkhard Hofmann	Member
Georg Pachta-Reyhofen	Member
Dietmar Dünser	Employee representative
Isabel Kreilhuber	Employee representative

The Audit Committee of Zumtobel Group AG met five times in 2023/24, including one preparatory meeting, in part together with representatives of the auditor. There was full attendance at all meetings of the Audit Committee, in some cases through the use of acoustic and optical communications software.

The focal points of the committee's activities included the monitoring of the accounting process, the review of the half-year and quarterly financial statements, a preliminary review of the consolidated and separate financial statements together with the management report, and a discussion of the auditor's report. The committee also evaluated the quality of the auditor and reviewed financial and investment planning. Regular information was provided on the internal control and audit system, the risk management system and the compliance management system, which was accompanied by an evaluation of the appropriateness and effectiveness of these systems. Among others, the committee also dealt with the remuneration report and the consolidated non-financial report and, in this connection, with additional sustainability issues. The recommendations of the Audit Committee to the Supervisory Board were based on a statement of independence issued by PwC Wirtschaftsprüfung GmbH and an analysis of the non-audit services provided by this firm. The Audit Committee repeatedly addressed the effects of the challenging economic situation, the risk situation – and here, above all, cybersecurity – as well as refinancing and liquidity planning and the equity situation.

Committee for Management Board Matters

Members of the Committee for Management Board Matters:

Name	Function
Volkhard Hofmann	Chairman
Georg Pachta-Reyhofen	Vice-Chairman
Karin Zumtobel-Chammah	Member
Christian Beer	Member

The Committee for Management Board Matters is responsible for issues involving the members of the Management and Supervisory Boards, in particular succession planning, and prepares recommendations for the Supervisory Board concerning appointments to positions on the Management Board. It also prepares recommendations for the remuneration policy which must be submitted to the Annual General Meeting at least every four years, monitors compliance with these recommendations, deals with the content of employment contracts for the members of the Management Board and issues related to the remuneration structure for the Supervisory Board. In accordance with C-Rules 42 and 43 of the ACGC, the Supervisory

Board must establish a nominating committee and a remuneration committee; these committees may be identical as permitted by this C-Rule.

The Committee for Management Board Matters held five meetings in 2023/24. The main issues involved preparations for a recommendation to the Supervisory Board on the determination of variable remuneration for the Management Board. Specific points included the determination of the STI target attainment for the 2022/23 financial year and the definition of new targets for the STI and LTI for the 2023/24 financial year. The committee also addressed the extension of the Management Board contracts with Thomas Erath as Chief Financial Officer (CFO) and Bernard Motzko as Chief Operating Officer (COO).

Strategy Committee

Members of the Strategy Committee:

Name	Function
Georg Pachta-Reyhofen	Chairman
Volkhard Hofmann	Vice-Chairman
Karin Zumtobel-Chammah	Member
Thorsten Staake	Member
Dietmar Dünser	Employee representative
Isabel Kreilhuber	Employee representative

The members of the Strategy Committee held two meetings in 2023/24, independent of concrete strategic projects, and dealt with various aspects of the corporate strategy. Discussions centred on strategic basics, portfolio management, the framework conditions for organic and inorganic growth, geopolitical issues, financial goals and, last but not least, the sustainability strategy of the Zumtobel Group. In these meetings, the committee examined the development of business, the position and strategic orientation of the company with the Management Board. An update to implement the approved concept for the company's further strategic focus was prepared by the Strategy Committee and reviewed by the Supervisory Board.

Digitalisation Committee

Members of the Digitalisation Committee:

Name	Function
Thorsten Staake	Chairman
Christian Beer	Vice-Chairman
Eva Kienle	Member
Volkhard Hofmann	Member
Isabel Kreilhuber	Employee representative
Richard Apnar	Employee representative

The Digitalisation Committee met twice in 2023/24. Its work involved preparations and decisions for the continuous optimisation of business processes, the most important digitalisation projects, service orientation and the development of digital products and services.

The committee members also addressed the issues of cyber-resilience security and information & data management as cornerstones for the digital transformation. Issues to increase operational efficiency (Fit for future DC, Digital Factory) were also discussed as were initiatives to optimise the customer experience and expand the IoT portfolio. Through the implementation of the digital agenda, the Zumtobel Group is continuously expanding its competitive position – also in the digital world.

3.4 Measures to Support Women and Diversity Concept

Diversity is of major importance for the Zumtobel Group as an international company. A diverse workforce that reflects society creates numerous opportunities: innovative strength, creativity, economic power and social cohesion. As a company, the Zumtobel Group can contribute to a fairer and more inclusive society.

The Zumtobel Group is an equal opportunity employer and, as such, rejects any form of discrimination based on social or ethnic origin, gender, sexual orientation, religious conviction or ideology, age, physical or mental abilities, or other characteristics. All people are unique, valuable and have individual capabilities. This belief is also manifested in the Zumtobel Group's code of conduct, which prohibits all forms of discrimination.

The Zumtobel Group values every employee's uniqueness and addresses all genders in the recruiting process and job advertisements. Personnel decisions are independent of gender, sexual orientation and other characteristics. Personal skills, experience, qualifications and performance form the basis for personnel decisions in all corporate areas and at all management levels.

The Zumtobel Group has not set a specific target for the appointment of women to management positions, but internal and external recruiting and personnel development measures are increasingly aimed in this direction. Job vacancies, also including positions with management responsibility are also posted as part-time positions where possible to create entry opportunities and management functions on a part-time basis.

The work-life balance is supported by the design of more flexible working structures. For example: Various part-time models are available for employees who re-enter working life after parental leave or are unable to work full-time due to other personal situations. The Zumtobel Group accommodates individual wishes to find the best solution for the employees, the team and the managers.

The Zumtobel Group follows the recommendations of the Austrian Equal Treatment Act to respect diversity in filling management positions and, above all, to strive for equal treatment with regard to gender, age and skills. The Supervisory Board of Zumtobel Group AG currently includes three women and six men, which represents a one-third share of women. There are no women on the Management Board of Zumtobel Group AG at the present time. Women hold management positions in the first and second reporting levels, especially in human resources, legal, marketing & corporate communications, information technology, supply chain and finance.

The Zumtobel Group recognises that the continuation of existing initiatives and an open approach to new initiatives require a greater share of women in higher qualified positions. In order to safeguard its competitive ability and benefit from a wide range of different viewpoints, the Zumtobel Group has set a goal to increase the share of women and, accordingly, their representation in the Group each year. The share of women in key management positions equalled 22.4% in 2023/24 and represents an increase over the previous financial year (22.2%). The share of women in the Group's workforce was 36% in the 2023/24 financial year and remained almost unchanged compared to the previous year (2022/23: 36.6%).

The inclusion of employees with physical or mental impairment has high priority for the Zumtobel Group as an employer, and these employees are actively supported in their everyday work routine. The plant in Dornbirn, as an example, has operated a career support programme for over 30 years that helps young people with physical or mental impairment take their first steps on the employment market. This two year training course is designed to make the participants fit for the labour market. The Zumtobel Group also employs men and women with physical, mental or cognitive limitations in other areas, administration as well as production, who make an important contribution in their respective functions.

Appropriate adjustments are made wherever possible (e.g. additional breaks, seated activities etc.) to support employees with special needs. Managers receive special awareness training and preparation for these situations and are supported by external persons – for example at the Spennymoor plant, where the Zumtobel Group also employs persons with autism.

To optimise the integration of diversity in the Zumtobel Group, a global strategy (Diversity, Equity & Inclusion Strategy) is currently in preparation. Work in recent months has covered an extensive evaluation of the status quo together with a survey of the entire workforce. The results of the evaluation will flow into the development of the strategy. The overriding goal is to design and implement a global diversity strategy for the Zumtobel Group in the coming financial year. It will form the basis for a clearly defined schedule to develop and carry out specific measures and actions.

The Zumtobel Group has implemented various measures to support women, diversity and inclusion. Following are a few examples:

- » Personal skills, experience, know-how and capabilities form the basis for evaluating qualifications during the recruiting process and in personnel decisions. The equal treatment of genders is strictly observed.
- » The Zumtobel Group uses a standardised remuneration structure that is based on job descriptions and appraisals to ensure transparent and performance-based remuneration in line with equal opportunity (equal opportunity employer).
- » The Zumtobel Group puts measures in place to support the work-life balance. Part-time employment, educational leave, sabbaticals, parental leave for fathers, home office options or other models are arranged where needed.
- » The Zumtobel Group received the quality seal as a family friendly company ("Ausgezeichneter familienfreundlicher Betrieb 2024–2025") from the province of Vorarlberg and ZG Lighting Austria was re-certified as a family-friendly employer.
- » The headquarters has organised cooperation programmes with local day-care centres in Dornbirn which give preference to the children of Zumtobel Group employees.
- » The Zumtobel Group creates a greater awareness for gender equality with campaigns on International Women's Day.
- » A global Group Policy on Human Rights underscores the Zumtobel Group's strong commitment to respect and support for human rights in all business activities.
- » The first steps were taken in the past year as part of management training to analyse the gender pay gap and create an awareness for bias.

Additional measures are also planned for the 2024/25 financial year:

- >> Roll out of a global diversity, equity & inclusion strategy
- >> Definition and implementation of the first measures and actions related to diversity and inclusion in the Zumtobel Group
- >> Further development of the gender pay gap analysis
- >> Development of structures and guidelines to anchor diversity throughout the company (e.g. initiation of employee networks)

3.5 Diversity on the Supervisory Board and Management Board

The members of the Supervisory and Management Boards are selected on the basis of their professional qualifications and personal expertise in order to achieve a balance of educational and professional backgrounds. Support for diversity with regard to generations and genders is included in selecting new appointments.

3.5.1 Diversity in the composition of the Management Board and Supervisory Board of Zumtobel Group AG

The Zumtobel Group, as a listed company, complies with diversity requirements, especially the requirements defined by the Austrian Stock Corporation Act and the Austrian Code of Corporate Governance (ACCG). These regulations define different requirements for the composition of management and supervisory boards. The relevant aspects for the diverse composition of a management board are a balanced educational and professional background, internationality and a consistent composition.

3.5.2 Management Board

The qualification profile defined by the Supervisory Board for the selection of Management Board candidates is based, above all, on personality, integrity, convincing management qualities, technical qualifications for the intended function, previous performance, knowledge of the company and the ability to adapt business models and processes in a changing world.

Diversity is an additional factor considered by the Supervisory Board. As a decision criterion, the Supervisory Board sees diversity, above all, as different mutually complementary profiles and professional experience, also in the international area, as well as different personalities, the appropriate representation of both genders and an appropriate age mix.

The Supervisory Board selects Management Board appointees in the interest of the company and in consideration of all relevant factors. The following aspects are incorporated in the Supervisory Board's decisions:

- >> The members of the Management Board should have long-standing management experience, also in the international area.
- >> The Management Board, in its entirety, should have long-standing management experience in development, production, sales and finance.
- >> At least two members of the Management Board should have a technical education and/or many years of technical working experience.
- >> The age and gender of a person do not play a role in the decision over an appointment to the Management Board and do not lead to preferential treatment or discrimination in the selection process.
- >> A target has not been set for the share of women on the Management Board. The Committee for Management Board Matters decides in the company's interest and exclusively based on the evaluation of professional and personal qualifications when making appointments to the Management Board.
- >> The Supervisory Board has set an age limit for the members of the Management Board which reflects the current retirement age in Austria, i.e. 65 years.

3.5.3 Supervisory Board

The goal is to find qualified personalities for the Supervisory Board to strengthen this body, in total, as best as possible through the members' professional and management expertise. Diversity represents an additional focal point. The men and women appointed to the Supervisory Board should complement each other with different professional and life experience and ensure the appropriate representation of both genders. It must be ensured that the Supervisory Board, as a whole, has a maximum of experience and technical qualifications to critically monitor the business activities of the Zumtobel Group from the widest possible range of perspectives.

This concept is reflected in connection with the election of members to the Supervisory Board. Recommendations to the annual general meeting of Zumtobel Group AG must meet the legal requirements for the composition of the Supervisory Board with women and men; they must meet the defined goals; and, at the same time, fulfil the competence profile for the entire corporate body. This also applies to the subsequent appointment of candidates to the Supervisory Board.

Education and professional background: The personalities on the Supervisory Board should have international experience in the areas of business, science, technology or research of a nature that is important for the Zumtobel Group. The Supervisory Board must have at least one financial expert.

Age: The goal is to achieve a balanced age structure among the members to permit the contribution of various generation perspectives. Consequently, there is no specific age limit for the Supervisory Board members. Supervisory Board members are elected for a term of office up to the end of the annual general meeting which votes on the release from liability for the fourth financial year after election unless they are elected for a shorter term.

Internationality: The Supervisory Board should include members with international experience or special expertise in one or more key markets for the Zumtobel Group.

Gender representation: An appropriate representation of women on the Supervisory Board is targeted, independent of legal requirements. The ratio of genders on the Supervisory Board reflects, as a minimum, the legal requirement of at least 30% women and men.

3.6 Changes after the Closing Date

There were no changes in reportable issues between the closing date on 30 April 2024 and the preparation of this corporate governance report.

Dornbirn, 26 June 2024

The Management Board

Alfred Felder
Chief Executive Officer (CEO)

Thomas Erath
Chief Financial Officer (CFO)

Bernard Motzko
Chief Operating Officer (COO)

Marcus Frantz
Chief Digital Transformation Officer (CDTO)

Report by the Supervisory Board of Zumtobel Group AG for the 2023/24 Financial Year

Dear Shareholders,

On behalf of the Supervisory Board of Zumtobel Group AG, I would like to thank the employees and the Management Board of the Zumtobel Group for their commitment and performance during the past financial year. As the chairwoman of the Supervisory Board of Zumtobel Group AG, I look back on a year in which we made good progress in spite of ongoing global challenges. Our world is in a state of continuous change – influenced by technological innovation, geopolitical tensions and a growing awareness for the importance of sustainability. These changes not only require an ability to adapt, but also call for proactive planning and the readiness to explore new directions.

We, the members of the Supervisory Board, actively accompanied the development of the Zumtobel Group throughout the 2023/24 financial year and performed the duties required by law, the articles of association and the rules of procedure with the greatest possible diligence. The Supervisory Board was involved in decisions of material importance for the future of the Zumtobel Group, monitored and accompanied the Management Board, and provided support in an advisory capacity. I was also in regular contact with the chairman of the Management Board and the other members of this corporate body to discuss the development of business under the current economic conditions and to evaluate the effects of the risk situation on the company. Cooperation within the Supervisory Board and its committees and with the Management Board was trustful, respectful and constructive.



The Management Board reported on the development of business and the general economic situation, financial and investment planning, the risk position, and issues related to risk management and compliance at all meetings of the Supervisory Board in 2023/24. A particular focus was placed on the development of Group revenues and earnings and on the development of business in the individual segments. Extensive information was provided on the development of the Zumtobel Group, including forecasts and variances between the actual and forecast results.

The Supervisory Board of Zumtobel Group AG included the following six shareholder representatives as of 30 April 2024: Karin Zumtobel-Chammah (chairwoman), Georg Pachta-Reyhofen (1st vice-chairman), Christian Beer, Volkhard Hofmann (2nd vice-chairman), Eva Kienle and Thorsten Staake.

Meetings of the Supervisory Board

The Supervisory Board held six meetings during the 2023/24 financial year (four scheduled, one unscheduled and one constituent). One member was absent at one meeting.

The issues handled by the Supervisory Board at the 28 June 2023 meeting included, among others, status reports on the development of business and the economic climate and measures to support the company's further strategic orientation and the optimisation of business in all segments. The Supervisory Board also discussed the audited separate and consolidated financial statements and the consolidated management report, including the consolidated non-financial statement for the Group, the consolidated corporate governance report and the remuneration report as of 30 April 2023. The auditor, PwC Wirtschaftsprüfung GmbH, confirmed that there were no divergent audit conclusions and reported that the separate and consolidated financial statements for the 2022/23 financial year received an unqualified opinion. The auditor also reported that the review of the consolidated non-financial statement for the Group and the remuneration report did not lead to any objections. The Supervisory Board then approved the audited separate and consolidated financial statements for the 2022/23 financial year.

We also prepared the agenda and proposed resolutions for the 47th Annual General Meeting of Zumtobel Group AG. The Supervisory Board – based on a recommendation by the Audit Committee – approved a proposal to the General Meeting for the appointment of PwC Wirtschaftsprüfung GmbH as the auditor of the separate and consolidated financial statements for the 2023/24 financial year.

The target attainment by the members of the Management Board was discussed, and variable remuneration was determined in line with the remuneration report for the 2023/24, subject to the approval of the annual financial statements.

The effectiveness and efficiency of the Supervisory Board's activities was evaluated as part of the routine annual procedure. The resulting recommendations for improvement were discussed and developed.

An external evaluation of compliance with the C-Rules of the Austrian Code of Corporate Governance is required at least every three years. The last evaluation covered the 2022/23 financial year. No facts or circumstances were identified that would have led to the assumption that the company's consolidated corporate governance report deviated from the Austrian Code of Corporate Governance in material respects.

The 47th Annual General Meeting of Zumtobel Group AG elected Eva Kienle and myself to the Supervisory Board for a further three-year term. At the constituent meeting of the Supervisory Board on 28 July 2023 which followed the election, I was re-elected chairwoman of the Supervisory Board and Georg Pachta-Reyhofen was re-elected vice-chairman of the Supervisory Board.

The central issue of the virtual unscheduled Supervisory Board meeting on 31 August 2023 was the future strategic orientation of a subsidiary.

In the Supervisory Board meeting on 13 October 2023, we dealt with the management report on the first quarter of the 2023/24 financial year and discussed status reports on individual projects and the development of business in both segments. Transactions requiring the approval of the Supervisory Board included the restructuring measures in the Austrian plants in Dornbirn (Färbergasse and Schweizer Strasse). Other issues involved the strategic focus of subsidiaries and the introduction of an employee pension fund for the Austrian companies which was approved by the Supervisory Board.

On 29 November 2023, a majority of the Supervisory Board members approved a decision by the Management Board – in accordance with an authorisation by the Annual General Meeting on 28 July 2023 – to repurchase shares of Zumtobel Group AG at fixed conditions and to withdraw 353,343 treasury shares.

Discussions at the Supervisory Board meeting on 26 January 2024 covered an update on the financial indicators at the end of December 2023 and the development of business and the outlook for both segments. The Supervisory Board also approved a partnership between Siemens/Enlighted and the Zumtobel Group.

To ensure continuity on the Management Board, the Supervisory Board decided at its meeting on 26 January 2024 to extend the appointment of Thomas Erath for a further three years up to 30 September 2027 and the appointment of Bernard Motzko for a further two years up to 30 September 2026. Thomas Erath and Bernard Motzko were also appointed managing directors of Zumtobel Lighting GmbH.

At the Supervisory Board meeting on 19 April 2024, the budget for the 2024/25 financial year was approved and medium-term planning for the following financial years was accepted. The development of business and outlook for both segments was discussed in detail and the further procedure for M&A activities was evaluated.

Audit Committee

The Audit Committee of the Supervisory Board fulfilled its monitoring and review responsibilities and met five times during the 2023/24 financial year. In addition to all committee members, the meetings were attended regularly by the full Management Board and on selected occasions by the auditor. Outside these meetings, the committee chairwoman was in regular contact with the auditor. The committee's activities covered the monitoring of accounting processes, the audit of the half-year and quarterly financial statements, pre-audit work on the annual and consolidated financial statements including the management report and the separate financial

statements of Zumtobel Group AG as well as a discussion of the auditor's reports. The committee also evaluated the quality of the audit and reviewed financial and investment planning. Information on the internal control system (ICS), the risk management system and the compliance management system was provided on a regular basis, whereby the committee evaluated the appropriateness and effectiveness of these systems. The committee was regularly informed of any additional risks and material legal proceedings.

In the meeting on 29 November 2023, the Audit Committee directed its attention to the accounting process and review focal points in connection with the half-year financial statements as of 31 October 2023 and accepted the related reports by the auditor and internal staff from the involved departments. The auditor also presented the audit approach and focal points for the audit of the consolidated and separate financial statements for 2023/24 and reviewed any non-audit services.

Two further meetings involved discussions between the Audit Committee and the Management Board on the quarterly reports for the 2023/24 financial year and the examination of these reports prior to publication. Other committee focal points included current developments in data protection and data security, the functional capability of the ICS and the development of the risk profile, especially in view of the geopolitical situation, and the progress on and implementation of sustainability reporting.

Committee for Management Board Matters

The members of the Committee for Management Board Matters held five meetings during the 2023/24 financial year. The key issues in these meetings covered preparations for a recommendation to the Supervisory Board to establish variable remuneration for the Management Board. Specific topics were the determination of STI target attainment for the 2022/23 financial year and the establishment of new STI and LTI targets for the 2023/24 financial year. The committee also addressed the extension of the Management Board appointments of Thomas Erath as Chief Financial Officer (CFO) and Bernard Motzko as Chief Operating Officer (COO).

Another central point was the analysis of our "corporate culture values". The results of the employee survey carried out during the past financial year on processes and management behaviour were considered and measures were implemented that should make the company faster, leaner and more innovative.

Digitalisation Committee

The Digitalisation Committee held two meetings during the 2023/24 financial year. Topics included preparations for and decisions on the continuous optimisation of operating processes and major digitalisation projects as well as the service orientation and development of digital products and services.

The committee members also examined the issues of cyber resilience security and information & data management as an essential foundation for the digital transformation. Measures to increase operational efficiency (Fit for future DC, Digital Factory) were considered together with initiatives to optimise the customer experience and expand the IoT portfolio. The implementation of this digital agenda will allow the Zumtobel Group to continuously expand its competitive position, also in the digital world.

Strategy Committee

The members of the Strategy Committee held two meetings during the 2023/24 financial year. In addition to concrete strategic projects, work also concentrated on various aspects of the corporate strategy. Discussions covered strategic basics, portfolio management, the framework conditions for organic and inorganic growth, geopolitical issues, financial goals and, last but not least, the Zumtobel Group's sustainability strategy.

Another important issue for the Strategy Committee was the partnership with Siemens and Enlighted. This cooperation is focused on the technical integration of Enlighted's industry-leading intelligent sensors in the lighting portfolio of the Zumtobel Group's Zumtobel and Thorn brands.

Other important issues were the necessary restructuring measures in the Färbergasse and Schweizer Strasse plants in Dornbirn and the reorientation of the plant as a centre of production innovation. In addition to the announced cost savings measures in Dornbirn, all other production facilities in the Zumtobel Group were analysed and evaluated. This process identified opportunities for optimisation at several locations that will improve efficiency, productivity and profitability.

Consolidated and Separate Financial Statements

The separate financial statements and the management report as well as the consolidated financial statements and the group management report, which were prepared in accordance with International Financial Reporting Standards (IFRS), of Zumtobel Group AG for the 2023/24 financial year, were audited by PwC Wirtschaftsprüfung GmbH, Vienna, and awarded an unqualified opinion. The audit indicated that the bookkeeping, the separate financial statements and the management report of Zumtobel Group AG complied with legal requirements and the provisions of the articles of association.

Based on a previous examination and discussion with the auditor in the Audit Committee, the Supervisory Board reviewed and approved the separate financial statements and the consolidated financial statements as prepared by the Management Board together with the management report and the auditor's reports. In accordance with § 96 (1) of the Austrian Stock Corporation Act, the Supervisory Board stated its agreement with the consolidated financial statements, the management report, the consolidated corporate governance report, the remuneration report and the consolidated non-financial statement. The Supervisory Board then approved the separate financial statements and the consolidated financial statements of Zumtobel Group AG for the 2023/24 financial year. The separate financial statements of Zumtobel Group AG for the 2023/24 financial year are therefore considered finalised in accordance with § 96 (4) of the Austrian Stock Corporation Act.

The Supervisory Board supports the recommendation by the Management Board to the Annual General Meeting to distribute a dividend of EUR 0.25 per share from the balance sheet profit recorded by Zumtobel Group AG and to carry forward the remaining amount.

Notwithstanding the continuing uncertainty for the global economy, we look to the future with optimism – due to excellent products and lighting solutions, great innovative strength and the impressive commitment of our employees.

On behalf of my colleagues on the Supervisory Board, but also personally, I would like to thank you, our shareholders, for your continued confidence.

I would also like to thank the many women and men who work for Zumtobel Group AG as well as the Management Board on behalf of my colleagues on the Supervisory Board for their commitment and outstanding performance during the past financial year.

For the Supervisory Board

Karin Zumtobel-Chammah
Chairwoman of the Supervisory Board

Dornbirn, 28 June 2024

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4. Service

General Information

The use of automatic data processing equipment can lead to rounding differences.

Financial Terms

CAPEX	Capital expenditure
Debt coverage ratio	= Net debt divided by EBITDA
EBIT	Earnings before interest and taxes
Adjusted EBIT	EBIT adjusted for special effects
Adjusted EBIT margin	= Adjusted EBIT as a percentage of revenues
EBITDA	Earnings before interest, taxes, depreciation and amortisation
Adjusted EBITDA	EBITDA adjusted for special effects
Equity ratio	= Equity as a percentage of assets
Gearing	= Net debt as a percentage of equity
Net debt	= Non-current borrowings + current borrowings – liquid funds – current financial receivables from associated companies – receivables from credit institutions from a continuing involvement based on the factoring agreement
Working capital	= Inventories + trade receivables – trade payables – prepayments received – customer bonuses, discounts and rebates

Financial Calendar

Record Date for the Annual General Meeting	23 July 2024
48th Annual General Meeting	02 August 2024
Ex-Dividend Day	06 August 2024
Record Date Dividend	07 August 2024
Dividend Payout Day	09 August 2024
Interim Report Q1 2024/25 (1 May 2024 – 31 July 2024)	05 September 2024
Half-Year Financial Report 2024/25 (1 May 2024 – 31 October 2024)	05 December 2024
Interim Report Q1 – Q3 2024/25 (1 May 2024 – 31 January 2025)	06 March 2025

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Financial Reports

Our financial reports are available in English and German for download under: <https://z.lighting/>.

More Information

on Zumtobel Group AG and our brands can be found on the Internet under: <https://z.lighting/>

Imprint

Publisher: Zumtobel Group AG, Investor Relations, Eric Schmiedchen
Coordination Financials: Mirella Fantetti
Translation: Donna Schiller-Margolis
Cover (Excerpt): Windows of Light by Lina Ghotmeh
Graphic Design: Lina Ghotmeh — Architecture and Bruno Faivre
Text: Lina Ghotmeh — Architecture, France
Photography: Laurian Ghinitoiu and Lina Ghotmeh
Translation: Bauer-Boothroyd, Übersetzungen GbR, Germany
Printing: Thurnher Druckerei GmbH, Austria
Copyright: Zumtobel Group AG 2024

Produced in-house with FIRE.sys

Disclaimer

This quarterly report includes statements on future developments, which are based on information available at the present time and involve risks and uncertainties that could cause the results realised at a later date to vary from these forward-looking statements. These statements on future developments are normally characterised by expressions like "preview", "outlook", "believe", "expect", "estimate", "intend", "plan", "goal", "evaluation", "can/could", "become" or similar terms or can be interpreted as a statement on future developments because of the context. The statements on future developments are not to be understood as guarantees. On the contrary, future developments and results are dependent on a wide range of factors and connected with various risks and incalculable events. They are also based on assumptions that may prove to be incorrect. Included here, for example, are unforeseeable changes in the political, economic and business environment, especially in the regions where the Zumtobel Group operates as well as the competitive situation, interest rates and foreign exchange rates, technological developments and other risks and incalculable events. Risks may also arise as a result of price developments, unforeseeable events in the operating environments of acquired companies or Group companies as well as ongoing cost optimisation programmes. Neither the Zumtobel Group nor any persons involved in the preparation of this quarterly report accepts any liability whatsoever for the correctness and completeness of the statements on future developments contained in this report. The Zumtobel Group does not plan to update these forward-looking statements. The quarterly report is also presented in English, but only the German text is binding. This quarterly report does not represent a recommendation or invitation to buy or sell securities issued by the Zumtobel Group.



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